Racial, Ethnic and Gender Differentials in Socio-Economic Status:

The Israeli Labor Market Case

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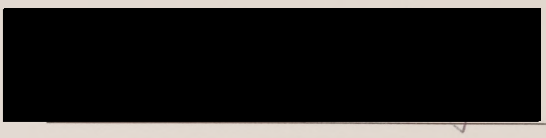

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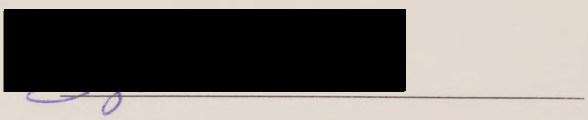

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Racial, Ethnic and Gender Differentials in Socio-Economic Status: The Israeli Labor Market Case

by

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Dedication

To my father, Güner Gökalp for teaching me how to challenge myself in every step of my life. To my mother Yurdagül Gökalp, whose intelligence and joyfulness convinced me that life gives us what we ask for. And to my brother Demir Gökalp, whose love and support always sustain and cheer me up.

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Thanks to Oya, George, Sabrina, Sonia, Felix and all the other loved ones for their precious friendship and morale support every step of the way.

And thanks to my dearest friend Şeraf for always being with me.

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The University of Texas at Austin, 2002

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In the present study, data from the Labor Force Surveys of Israel's Central Bureau of Statistics (CBS) for the years 1990 and 2000 are used to examine the occupational segregation in the Israeli labor market based on the 5 ethnic sub-samples including European-American Jews, Asian-African Jews, Russian Jews, Native-Born Jews and Non-Jews who mainly represent the Arab citizens of Israel. The analysis is done separately for men and women to avoid interaction since men and women demonstrate different labor market characteristics in general and in Israel. OLS regression analysis and decomposition techniques are used to differentiate between the effects of human capital and labor credentials and the other factors on the socioeconomic gaps between different ethnic and racial groups. The results indicate that there are significant socioeconomic differences both among different Jewish groups and between Jewish and non-Jewish. Moreover the differences among the groups can only partially be explained by the differences in labor credentials of the groups.

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CHAPTER 1.

Introduction to Israeli Society, Economy and Labor Force

Israeli society is a multi-ethnic society with considerable social, economic and cultural gaps between different ethnic groups. The most important characteristic of Israel is that it is a country of immigrants. Immense Jewish flows to the land of Palestine started at the end of the 19th century with a gradual expulsion of the indigenous Arab population from the land. Jewish flows have never been homogenous. Rather, there have been substantial differences among the immigrant groups including their volume, political inclinations, human capital resources, and social and cultural traits and characteristics. It is interesting that the State of Israel emerged historically and politically with an alleged commitment to justice and democracy and pluralism and egalitarianism at least for the Jewish population of the world. However, all these concepts have failed throughout the history of the country within the dynamics of politics and economics perpetuating the substantial social inequalities among the Israeli citizens, both Jewish and Non-Jewish.

The present thesis particularly aims to analyze the socio-economic achievement of European-American, Asian-African, Russian and Native-Born Israelis and Non-Jews, mainly Israeli Arabs, based on the traditional and

contemporary social inequality and labor market stratification theories and the empirical data drawn from the 1990 and 2000 Labor Force Surveys. In particular, my goal in this thesis is to examine how individual-level characteristics influence a person's socio-economic status given his or her race and ethnicity. Human capital approach probably falls considerably short to explain the individual's socio-economic achievement in Israel due to the unique nature of the politics, economics and the mechanisms of the labor market(s) in this country. I will propose that the socio-economic structure in Israel is a formation of the interaction between the politics and markets including the labor market. Throughout the rest of the paper, five ethnic groups in the Israeli society and the labor market will be defined: European American Jews (Western Jews), Asian African Jews (Middle Eastern Jews), Russian Jews (including also the Jews from the Former Russian Republics), Native-born Jews (Israeli-born) and Non-Jewish (mainly the Arab population of Israel). This first chapter will give an overview for the Israeli society, population, politics and the labor market and the economy.

Israeli State, Politics and Economy

The Israeli state was founded on Zionist ideology that aimed to attract

Jewish immigration, create jobs, and build national and economic infrastructure for the new comers, therefore achieve economic independence, nation building and dispersal of population geographically (see, for example, Aharoni, 1991; Bruno, 1993; Metzer, 1998). In doing so, the state has been the major actor and it has been politically and ideologically motivated, but not particularly economically focused. The fear of emigration has put pressure on the state to maintain full-employment even though it has had huge economic costs. Therefore, Israel has traditionally been a welfare state with socialist ideals for equality among the different ethnic Jewish populations (see, for example, Metzer, 1998 for an economic history of Israel). On the other hand, private entrepreneurs have been sought and extensively protected and subsidized by the state to contribute to the job creation and nation building procedure (Razin et.al, 1993). In this sense, Razin et.al state the paradoxical reality of Israeli economy as being both "an Eastern Bloc-type socialist economy, the 'last bastion' of Stalin-typed planned economy" and "modern welfare state with .....a flourishing private sector and advanced western type market mechanisms with extensive openness to world markets" at the same time (1993:2,6). I should note that the state has been selective in its protection and subsidy to the private sector; pursued its political interests with its relations with the private capital, favored certain interest groups over the others and created privileged minority

within the private sector having political ties with the state itself (see Aharoni, 1991).

The Zionist ideals have always been challenged by the reality. Economic independence has never come into existence since the country has been depended on the US economic and military aid since the foundation. The political legitimacy of the country has stayed problematic especially within the Middle East. Social equity and ethnic integration have never been achieved. Different ethnic Jewish groups have socio-economically and culturally stayed considerably apart from each other. Non-Jewish population has been socially, economically and politically burdened and oppressed by the structural inequities.

Israel has gone through significant economic changes since the 1970s. High inflation, high budget deficit, enormous government spending and foreign debt have been the major problems of the economy for years. First attempts by the Labor Party in the power to deal with high inflation and the enormous budget deficit in 1974 were not successful (see Aharoni, 1991, Rugina, 2000). In 1973, the annual change in the CPI (Consumer Price Index) was 20 percent, in 1974 39.7 percent, in 1978 50.6 percent, in 1980 131 percent and in 1984 the annual change in the CPI was 373.8 percent (Israeli Central Bureau of Statistics figures in Razin et.al, 1993). The stabilization program of 1985 was more

successful with a temporary use of wage and price regulations in addition to fiscal and monetary measures of 1974 (Patinkin, 1993).

Although inflation was reduced to 10 percent in 1996, 8.6 percent in 1998 and 1.2 percent in 1999, government spending and foreign debt have stayed substantially high (CBS, 2001). According to 2001 figures, public sector expenditure is 54 percent of GDP, one of the highest in the world (Bank of Israel, 2001). Even with the chronic burden of balance of payments deficit, high public spending especially in the defense sector, a substantial amount of foreign debt and increasing unemployment (2 percent in 1979, 6 percent in 1984, 11 percent in 1991, 6.9 percent in 1995 and 8.9 and 8.8 percent in 1999 and 2000 respectively), the Israeli economy has demonstrated significant growth and productivity increase in information and communication technologies (ICT) (CBS, 2001).

The development of economy was mainly dependent on the immigrant waves and boom in demand in construction sector (see Metzer, 1986). Since the 1960s, technology intensive sectors have been supported considering the country's relatively cheap and highly skilled labor force, and also in search of alternative growth-leading sectors beside construction (Metzer, 1986 and Regev, 1998). In 1995, the real annual percentage change in exports was 3.6, in 1997, 13.5 and in 2000, 30 percent (CBS and Ministry of Industry and Trade, 2001).

And ICT exports increased by approximately 10 percent between 1990 and 2000. Israel's trade with the rest of the Middle East (excluding Turkey with whom Israel has a substantial volume of trade in terms of European Free Trade Agreement) has been, and is expected to be in the future insignificant in its volume mainly as a result of the Arab boycott against Israel and political tension between Israel and the rest of the region (see for example, Razin et.al, 1993; Kadri and MacMillen, 1998; Israeli Ministry of Industry and Trade, 2001).

On the other hand, Israel is the only country in the world having free trade agreements with the US, Canada, E.U. and EFTA countries (Aharoni, 1991; Razkin et.al, 1993; and Kadri et.al, 1998). However, the annual percentage change in employment does not parallel the trend of increasing production, exports and productivity. Annual percentage change in employment was 3.8 percent in 1995, and it went down to 1.3 percent in 2000 (CBS and Ministry of Industry and Trade, 2001). This is not surprising considering the fact that it is the capital intensive information and communication, and electrical and electronic sectors that have contributed substantially to the increase in production and productivity since the 1990s. Decline in the percentage change in employment might also be partially explained by the decline in the labor force participation rates and partially by the fact that increase in employment in certain sectors has been accompanied by the contraction of employment in the

others, therefore leading to only modest increase in employment in general (see Israeli Ministry of Finance, 1998).

One important subject of discussion regarding the Israeli economy today is the consequences of high inflation, balance of payments deficit, and foreign debt in the future. The country has experienced considerable expansion in finance and business services sector, as cash management rather than production in physical terms has gained importance in profitability (see Rugina, 2000; Razin and Sadka, 1993; Aharoni, 1991). For the year 2000, the share of finance and business services in the business product composition is 33.7 percent, while the share of industry, transportation and communication; construction and agriculture are 24.2, 9.5, 8.8 and 2.3 respectively (C.B.S. National Accounts Department and Ministry of Industry and Trade, 2001). The expansion in the economic activities in favor of the finance and business sectors has been coupled with the decline in the share of the manufacturing. The share of the manufacturing in the labor force declined from 21.3 percent in 1993 to 18.4 percent in 1999 (CBS, 2001).

It would not be possible to understand the structural changes in the labor market without taking into account the structural changes in economy. The Israeli economy has gone through structural changes since the 1970s in coping with slowed immigration and growth, declining investment, increasing inflation,

increasing public expenditures financed by foreign debt and increasing economic and political dependence on the United States (Razin et.al, 1993; Aharoni, 1991). It can be predicted that the impact of the reduction in government intervention into the economy and the privatization process that has been undertaken since the 1980s, together with the globalization of the economy and changing international trade relations influencing import and export dynamics, will lead to significant changes in Israeli society and economy in turn having impact on the labor market since those changes will likely bring structural changes in sectorial makeup of the economy requiring different human capital inputs and effecting present wage structures.

Syrquin (1986) notes:

> The transformation of the structure of production lies at the heart of the economic and social changes that characterize economic development. Associated with a rise in income are changes in the composition of demand, international trade, and factor use. These interact with the pattern of productivity growth, the availability of natural resources, and government policies to determine the pace and the nature of industrial growth (Syrquin, 1986:54).

It is also possible to talk about duality in the Israeli economy in terms of the division between high technology export industries and the technologically less equipped non-export industries. As a tiny country with a relatively high percentage of trade, international trade is a strong determining factor within the structural changes in the Israeli economy. Annual percentage change in exports

was substantial between 1995 and 2000, and the share of information and communication technologies has been increasing significantly in the recent years (Israeli Central Bureau of Statistics, 2001). Therefore, from an economic point of view, if the productivity in exports industries increases more than the rate of productivity growth in non-exports industries, we expect distortions in internal price and wage structure (Pasinetti, 1981).

At this point, how all those changes will affect the unemployment rates and inequality issues in Israel in the near future is still a subject of debate. It may be speculated that the effect of the changes in the economy will be selective in such a way that certain sectors of the economy will benefit disproportionately more than the others from the structural changes leading to uneven economic development throughout the different segments of the economy. Moreover, the impact of the ethnic compositional change in the society will very likely be different on the labor force performances of the different ethnic groups changing the distribution of those groups among different economic sectors and occupational categories, therefore, changing their relative well-being in different ways. For instance, there is a disproportionate increase in the Arab unemployment relative to the Jewish unemployment since the 1980s (Wolkinson, 1999). In 1970, the unemployment rates for Jewish and Arab men were 3.4 percent and 3.2 percent respectively, but they went up to 4.0 and 4.2 by

1980, 7.8 and 11.2 in 1990 and 5.7 and 8.3 in 1994 respectively (Israeli Central Bureau of Statistics figures in Wolkinson, 1999). In 1998, the unemployment rate for the entire civilian labor force is around 8.5 percent while this figure is around 10 percent for the Arab minority. In 1999, the unemployment rate for the entire civilian labor force jumped up to 8.9 percent while this figure increased to 11.4 percent for the Arab minority (CBS, 2000). An interesting quote from Arabic News' issue of December 23 1997 states:

> Last month's statistics showed the unemployment rate has risen to 12 percent and could rise even more in the coming few months with more and more factories laying off workers and opting for alternative sorts of operations. Textile factories in Israel have lately opted to open branches in Jordan where the labor force is cheaper and tax incentives offered by the Jordanian authorities are more encouraging than those of the Israeli government.

Israeli Population and Labor Market

As has been mentioned, Israel is a country of immigrants. The first wave of immigrants arrived in Palestine between 1882-1903 guided and directed by the leaders of Zionist ideology (Aharoni, 1991). In 1919 the proportion of Jews to the total population in Palestine was only 10 percent. By 1939, Jews were 30 percent of the total population in Palestine as a consequence of continuing immigration (Halevi and Klinov-Malul figures in Aharoni, 1991). By 1951, two

years after the foundation of Israeli state, the proportion of Jews had already reached 89 percent of the total population in Israel (Aharoni, 1991). In 2001, the proportion of Jews to the total population was approximately 81 percent (Israeli Central Bureau of Statistics, 2001). The first Jewish groups who migrated before the foundation of the state were European Jews. They were accompanied by the Oriental Jews who immigrated from other Middle Eastern countries and North Africa right after the foundation of Israel in 1948 (see for example, Raijman and Semyonov, 1998).

Despite the massive Jewish migration, the proportion of Jewish people in Israel declined approximately eight percent from the foundation to 2001 due to the occupation of several other areas in Palestine in 1967 with a Arab population of one million, and higher fertility rate among the non-Jewish population (or Arab citizens of Israel; Muslim, Christian and Druze) (Omran and Roudi, 1993; Ben-Porath, 1986). From 1989 to 2001, 1,086,620 Jewish immigrants arrived in Israel the majority of whom migrated from Former Soviet Union (FSU) (Ministry of Immigrant Absorption, 2001). The ethnic fabric in Israel is considerably complex with the Jewish population having migrated from almost every corner of the world including Latin America, North America, Europe, Middle East, Asia, Africa and Oceania together with the Muslim, Christian and Druze population contributing to the ethnic diversity.

In Israel, labor market mechanisms are strongly associated with the population dynamics that are closely linked to immigration. Both natural increase and immigration has affected the social as well as the political and the economic dynamics within the country since different ethnic and racial groups have different demographic characteristics including birth rate, and different selectivity and numbers in immigration process and have different patterns of integration to the socio-economic and political context of the country. Social inequality therefore, which is embedded in political and economic disparities between not only Arab and Jewish population but also among different Jewish ethnic groups, has been transmitted through the population processes (see Goldscheider, 1996). The existence of considerable socio-economic variation among different ethnic groups is also obvious in the labor market. Israel has a highly stratified labor market. Some of the variation can easily be explained by the human capital differentiations among the groups, although it is still problematic to explain the causes of the variations in human capital differences among the different ethnic Jewish groups and between Jewish and Non-Jewish, namely Arabs. Moreover, the remaining variation in the socio-economic standings of different racial and ethnic groups after controlling for the human capital differentiations, stays as an issue to be explored through the systematic political, social, economic and cultural dynamics that maintain and/or

exacerbate the existing inequality in the labor market outcomes for different ethnic and racial groups and in the Israeli society in general.

Jewish immigrants have come from different social, political and cultural backgrounds with diverse labor credentials and different levels of Hebrew proficiency. They have found their place within the Labor strata that is dependent on the interplay of various factors that will be discussed later throughout the analysis. Israeli Arabs on the other hand, have been the most disadvantaged group among the Israeli citizens not only in the political reign, but also in the other segments of the life including their social, cultural, economic and residential segregation from the rest of the Israeli population. Especially their isolation within the Arab towns and villages with limited economic and social opportunities, including also their limited access to the educational institutions have aggravated their disadvantaged precarious position within the Israeli society and the labor market (see Mazawi, 1999). Disparity between the Jewish and Arab populations in terms of educational achievement could be partially attributed to the fact that a significant proportion of educated Arabs left Israel after the foundation of the Israeli state in 1948; and the Arab population that stayed in Israel was the ones with fewer socio-economic means to migrate (Wolkinson, 1999). In 1994, 33.9 percent of Israeli Jews had post-secondary education while only 12.7 percent of Arabs have the same educational

degree (Wolkinson, 1999).

Israeli Arabs and the Arab Economy in Israel

Although supposedly the Israeli state is a secular and democratic state, Israeli Arabs (80 percent are Sunni Muslims) have experienced the disadvantage of being a minority in a country founded politically, economically and culturally on Zionist ideology. They have been socially and geographically segregated, while a number of them are employed in the Arab economy (dominated by the public sector and only partially by private entrepreneurship where only Arabs are employed basically due to the geographical segregation of the Arab communities from the Jewish communities) that is also segregated from the rest of the Israeli economy (see Semyonov and Levine-Epstein, 1994 and Khalidi, 1998 and Haidar, 1995). I should also note that the present thesis treats the Israeli economy as one entity ignoring the division between the Arab economy and the rest of the Israeli economy because the issue is beyond the scope of this analysis.

Khalidi presents a detailed theoretical and empirical analysis on the Arab economy in Israel and its evolution throughout time from a "non-Zionist political economy" perspective (Khalidi, 1988). In line with Haidar's (1995)

argument that he Arab economy has not demonstrated any significant development for years because it has lacked (or been deprived of) the necessary infrastructure for development, Khalidi (1998) argues that development has not been achieved in the Arab economy as a result of deliberate policies and actions of the Zionist regime and "internal colonialism systems" aiming to subordinate the Arab minority.

On the other hand, the Arab ethnic economy to some extent provides a shelter for its members by preventing the outside competition supporting the "ethnic enclave" hypothesis. Semyonov and Levine-Epstein (1994) look at the ethnic labor market (Arab labor market) outcomes for Arab minority looking at the performances of Arabs in ethnic labor market in comparison to the performances of Arabs in the dominant Jewish economy. They found that Arab labor market in Israel provides a shelter for the Arab minority (for both sexes) and offers them occupational opportunities and higher returns on their human capital resources that they would not be able to have and achieve in Jewish labor market in competition with the Jewish labor force (Semyonov et.al, 1994).

Furthermore, Wolkinson (1999) provides evidence that Arab workers are excluded and discriminated against in public, private and Histadrut (General Federation of Labor) firms and facilities. He argues that Arab workers are much more severely excluded from and discriminated against in Histadrut firms and

facilities since Histadrut has been prevailed by Zionist ideology aiming to exclude Arabs from the economic life, society and politics (Wolkinson, 1999). Discrimination is not only in terms of the disproportionately low wages that Arab workers are paid relative to their Jewish counterparts, but also in terms of the inadequate job and promotion opportunities and social and worker rights that Arabs have, and the limited bargaining power that they can use against employers (Lewin-Epstein and Semyonov, 1993 and Wolkinson, 1999).

Palestinians and the Impact of Intifada on the Israeli Labor Market and Economy

The present thesis excludes Palestinian workers living in West Bank and Gaza Strip and commuting to work in Israel on a daily basis, since non-citizen Palestinians are not included in Israel's de-jure population from which the labor force survey sample used in the present analysis are drawn. However, I would like to briefly mention the non-resident Palestinian work force in Israel since their share and importance in the labor market are worthy to note. Palestinians from the Occupied Territories accounted for 6.5 percent of total workforce employed in Israel in 1986, which is one year before the Palestinian uprising (Intifada) against Israeli state and its existence in the Palestinian territories (see Razkin, 1993 and Rosenhek, 2000). After the 1987 Intifada, Israel started to

impose periodic closure to Palestinian workers as a response to Palestinian strikes. Therefore, the number of Palestinian workers commuting to work in Israel has declined significantly. In the period 1995-1996, Palestinian workers from the Occupied Territories accounted for only 1.6 percent of the total work force in Israel (Abu Shukr, 1998). Their number is expected to be much smaller by the year 2000 due to the fierce conflicts between the sides.

Palestinians from the Occupied Territories have alleviated the problem of labor shortage in Israel in the secondary market jobs in construction sector and agriculture as cheap and unprotected labor that is easy to exploit. Therefore their proportion in those sectors is much more higher than their share within the entire labor market. Moreover, illegal Palestinian workers are not included in the official figures noted above. Rosenhek (2000) discusses the increasing number of non-Palestinian guest workers in Israel as a response to declining number of Palestinian commuter workers and increasing demand for labor to substitute the Palestinian work force. Rosenhek (2000) states that there is a trade off for Israel between the Palestinians work force from the Occupied Territories and the non-Palestinian guest workers. The former do not threaten security, but are not desirable in such way that they stay in the country and need to be provided social benefits including housing, health services and other related social services, which has not been the case for Palestinian workers commuting daily

to their work from the territories (Rosenhek, 2000).

There are several points worth mentioning here about the existence and/or non-existence of the non-resident Palestinians in the Israeli labor market. First of all, Palestinian workers from the Occupied Territories have been cheap and vulnerable against any kind of labor exploitation since they lack labor union protection and any kind of bargaining power for high wages and social rights. Also, the desperate economic situation in the Territories and lack of enough job opportunities leave no chance for some Palestinians other than commuting work in Israel in construction and agriculture jobs that Israelis are not willing to work in (see for example Rosenhek, 2000; Kadri and MacMillen, 1998).

Therefore, the decline in the number of Palestinian commuters means the loss of available labor supply that is substantially cheaper than the native labor in terms of wage (According to Rosenhek's (2000) figures which is only in wage terms, Palestinians have provided an approximately 30 percent cheaper labor source than the native labor). In addition to that, Palestinians have never had any labor or social rights and any kind of access to social benefits including life and health insurance, which makes them much more cheaper, vulnerable and preferable compared to the native labor (see for example, Rosenhek, 2000 and Kadri et.al, 1998).

Another point that is worthy to mention is that there is an ongoing debate

on to what extent continuing Jewish immigration might meet the labor shortage caused by the decline in the number of Palestinian workers in Israel, especially considering the fact that the majority of the recent immigrants from the Former Soviet Union have high human capital credentials, and they could prefer to be unemployed temporarily until they get a job comparable with their human capital qualifications rather than to be employed in the dead-end jobs previously filled by the Palestinian labor.

CHAPTER 2.

Theories of Occupational Stratification, Immigration and Labor Market Duality

The present thesis does not include an analysis of wage differences between different ethnic groups, because there are no data available on wages in the data sets used for the empirical analysis in this thesis. Therefore, occupational stratification and inequality in the labor market are limited to the analyses of socio-economic status (SES) in the previous study. On the other hand, I am not very concerned with the lack of data on wages, because the potential factors contributing to wage differences among different groups are much more of my interest, and they can be partially revealed by studying SES.

Moreover, SES scores might be more informative in a sense that it has also "social" component which could be much more informative of the standing of the individual within social context including job prestige, quality of work conditions, and access to non-wage fringe benefits. Neuman and Silber (1996) find that the 70 percent of the wage gap between Eastern (Asian and African) Jews and Western (American, European, South African and Australian) Jews is "due to occupational segregation, 26 percent to wage discrimination and only 4 percent to human capital differences" (Neuman et al, 1996:648).

They also provide evidence in their analysis for the existence of sectoral duality in the Israeli labor market. This means that there are significant differences between the returns to human capital in terms of occupational prestige for Western Jews and Eastern Jews, which is a broader concept than wages per se. The majority of this difference is a consequence of larger number of Easterners being employed in the secondary sector jobs where there are smaller returns to human capital compared to the situation in the primary sector (Neuman et.al, 1996). Metzer (1998) points out that there are external in addition to internal factors in the Israeli labor market, which prevents inter-sectoral capital mobility. Hindered inter-sectoral mobility therefore, does not allow capital movements from the economic sectors with scare labor to the economic sectors that are labor abundant and this in turn prevent inter-sectoral wage convergence (Metzer, 1998).

Furthermore, the economy is both geographically and ethnically segmented in Israel. Dual labor market theories find substantial support in the literature providing evidence for the existence of the primary sector with the jobs mainly occupied by the American and European origin Jews (Western Jews) and the secondary sector filled by the Asian-African origin Jews (Oriental Jews). Arabs, on the other hand, are employed at the bottom of the labor market disproportionately more disadvantaged even than the Sephardim Jews (see

Haidar, 1995; Khalidi, 1988; Wolkinson, 1999; Lewin-Epstein and Semyonow, 1986, 1993, 1994; and Newman and Silber, 1996).

Duality in the Israeli labor market is not only in terms of the differing returns to human capital for different ethnic groups. There is also duality of the economy with a Jewish economy and a very tiny Arab economy dominated by public sector where only Arabs are employed. However, the majority of the Arab population is employed outside the Arab economy since there are only limited job opportunities available in the Arab enclave-type economy (see Haidar, 1995 and Khalidi, 1988). Existence of the Arab economy separated from the non-Arab economy is mainly a result of the sharp geographical segregation between Jewish and Arab communities. Although the Arab economy of Israel is characterized as a tiny economy with "inadequate occupational opportunities" and "distorted industrial structure", I think that it deserves an independent analysis in many respects, which is basically beyond the scope of this thesis (see Semyenov and Lewin-Epstein, 1994:51).

Immigration process has an impact on labor market performances of the different Jewish groups in different ways depending on the Israeli context and immigrant group characteristics. Empirical analysis supports the idea that, as time goes on, immigrants do better in the labor market as they become familiar with both the new country and the labor market (Raijman et.al, 1998, Heberfeld

et.al, 1998 and Weinberg, 1999). However, it can also be expected that immigrants' performances in the labor market are closely influenced by their labor market inputs or human capital characteristics, the size and demographic composition of immigrant group, as well as immigration policies that may change from one period to the other according to the government's willingness to engage in immigrants' incorporation into the society and the economy. In the case of Israel, different Jewish groups have displayed different human capital credentials as well as different demographic characteristics in different time periods. For example, the first massive Russian Jews flow started in 1979 and continued untill 1983. The second massive Russian Jews flow started in 1989 after the collapse of the Soviet Union. Despite the fact that the second Jewish group demonstrated much more qualified immigrant characteristics in terms of their educational and occupational status, their integration into the Israeli society and the labor force was much more burdensome due to several different reasons such as their relatively larger size and the state's reduced concern to intervene in immigrant absorption (see Raijman and Semyonov, 1998). The condition of the labor market at the time of immigration is also another issue to consider. The labor market's ability to absorb the new members of the society is dependent on the human capital inputs of the immigrants and the space available in the labor market for those inputs that immigrants offer (see Menahem and Spiro, 1999).

Therefore, there occurs considerable interaction between the labor market context and the immigrants' own characteristics. Metzer (1998) sees immigrants' integration into the Israeli labor market as a matter of their occupational "suitability" and adjustment in the Israeli labor market throughout time.

Hispanics in the U.S., Algerians, Egyptians and Turks in Europe; and Palestinians and Asians in the Gulf all stir significant attention in social research. The issues related to occupational stratification and how immigrants manage to integrate themselves into the occupational strata are relevant to international politics, not only international, but also domestic population mobility during and/or after the immigration, international economics, international inequality and industrial change around the world. What makes the Israeli case unique in the world is that the immigration process is much more politically and ideologically motivated than economically motivated.

Moreover, occupational stratification is beyond immigration; it is beyond the minorities and/or guest workers with low human capital endowments working at the lower ends of the labor stratum. In addition to that, occupational stratification also pertains to the integration process of different ethnic groups with different human capital inputs, ranging from manual to highly qualified professional or technical skills, into the politics and economies of host countries.

The Integration process is also determined by the dynamics of political and economic implications of inclusive and exclusive policies towards immigration (see Uğur for a discussion of inclusion vs. exclusion in the European Union, 1995 and Rosenhek for a discussion on the inclusion and exclusion of migrant workers in Israeli welfare state, 2000). The other side of the coin in Israeli case is the exclusion of the Arab minority as a part of the integration of the new Jewish immigrant groups. As a part of the integration process of Jewish immigrants into the occupational strata, Wolkinson (1999) raises the point that there is an increasing rate of unemployment among the Arab minority, which is partially a consequence of the fact that Arab employees are laid off and replaced with Jewish immigrants. In the year 2000, the unemployment rate for Jews and Non-Jewish was 8.5 and 11.4 respectively.

Three main theoretical approaches for immigrants' entrance into a new labor market can be defined: the succession model, the queuing model, and the overflow thesis (see Lewin-Epstein and Semyonov, 1986 and Waldinger, 1992). Succession model suggest that upon their entrance into the host labor market, immigrants take the jobs at the bottom of the labor market stratum, and push the other groups up in the occupational hierarchy. Queuing model says that ethnic groups take their position in the occupational hierarchy according to their desirability to employers. In the case of whites and non-whites in the U.S.,

queuing model basically suggests that "if non-whites are low in the hiring queue, their access to good jobs is greater where the size of the preferred, white group is smaller" (Waldinger, 1992:99). Succession model and queuing model are not necessarily mutually exclusive. Similar to queuing model, overflow thesis argues that if a 'subordinate' ethnic group grows in size, they lead reduction in the proportion of the dominant ethnic group at the lower ends of the labor strata (Lewin-Epstein et.al, 1986). Therefore, immigration, and economic and occupational restructuring are closely intertwined with each other (Lewin-Epstein et.al, 1986; Waldinger, 1992; Öberg, 1997). An interaction between restructuring and immigration is significant especially in urban setting.

The restructuring hypothesis is one of the theoretical approaches used to understand the contemporary urban restructuring in relation with immigration (see for example, Waldinger, 1992). Waldinger (1992) argues that empirical research mainly focuses on immigrants in manufacture and agriculture and ignores the dynamics between immigrants and transformations in service industries. Similarly, the restructuring hypothesis proposes that with the expansion in the service sector, there is an increase for the jobs requiring very low labor skills namely personal services and for the occupations requiring very high labor skills namely business and financial services. Immigrants provide cheap labor source for low-end jobs and help the services grow further.

Therefore, there occurs a polarization in the urban labor markets as the middle-level jobs and occupations disappear (Waldinger, 1992).

Menahem, and Menahem and Spiro (1999, 2000) demonstrate empirical evidence for the restructuring hypothesis from restructuring economy of Tel-Aviv. Their research suggests that Jewish immigrants are underrepresented in the high level service sectors and overrepresented in the low level service sectors mainly the personal services (Menahem and Spiro, 1999 and Menahem, 2000). Menahem et al (1999, 2000) further argue that in line with restructuring approach, their analysis on Tel-Aviv supports the hypothesis that with the polarization between high and low level occupations, the middle of the occupational ladder shrinks making it more difficult for occupational upward mobility for immigrants reducing upward mobility opportunities (Menahem et.al, 1999; Menahem, 2000).

CHAPTER 3.

Description of the Data and Descriptive Overview of the Distribution of The Labor Force across Economic Sectors and Occupations by Race, Ethnicity and Gender

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A Description of the Israeli Labor Force Surveys

The data used for the analysis is drawn from the Israeli Labor Force surveys of Israel's Central Bureau of Statistic (CBS) for the years 1990 and 2000. The Israeli Labor Force surveys are conducted in such a way that four sub-surveys are done each year, and approximately 11,000 households are sampled. The survey population includes the entire non-institutionalized population aged 15 and over. The sampling is done in such a way that the probability for being included in the final sample is approximately 1 percent (see CBS, 1990, 2000). Sample data for a small part of the population whose characteristics do not change over time are drawn from the 1983 census data for the year 1990 and from the 1995 census data for the year 2000 (CBS, 2000).

The survey population represents the de jure population of Israel that includes permanent residents of Israel who are Israeli citizens and permanent Israeli residents without citizenship as well as potential immigrants living in

Israel or in Jewish settlements in Judea Samaria and Gaza. Also included are the tourists and temporary residents staying in Israel for more than one year. (Israeli Central Bureau of Statistics, 2001). Therefore, the temporary guest workers with permits on contract-based jobs from countries like Romania, Thailand and the Philippines and workers without permits (which means that they stay in the country illegally) from numerous countries like Poland, Bulgaria, Ghana, Bolivia, Chile, Sri Lanka and Turkey (Bartman, 1998), and non-resident Palestinians from the West Bank and Gaza Strip are not included. The absence of information on the temporary guest workers and the workers without permits makes the analysis of the sectors and the occupations (mostly the secondary sector jobs at the bottom of the occupational ladder that those groups of people occupy, including construction and agriculture) difficult and problematic.

The respondents are asked detailed questions including economic activity, occupation, status at work, number of work hours, reasons for part-time job, place of work, reasons for absence from work, reasons for unemployment, whether the individual ever worked in Israel, etc. The classifications for economic sector and occupation are adapted by the CBS according to the International Standard Industrial classification of the United Nations and the International Labor Office (ILO) considering local conditions (see Menahem et.al, 1999). Demographic information such as age, sex, marital status, country

of birth, year of immigration (for Jews only), years of schooling and type of last school attended is also gathered. There are also questions on household including the number of persons in the household, the number of rooms in the dwelling, the number of children in the household and the number of hours of domestic help. A 100-point Israeli socio-economic scale developed by Lewin-Epstein, Semyonov and Mendel is used for the analyses. The 100 points SES scale is compatible with the occupational classification used in the Israeli LFSs after 1985. The occupational classification used by the Israeli Central Bureau of Statistics was modified in 1985. Hence occupational classification for the year 1990 and 2000 could not be directly compared as well as the SES scale can not be directly used for the occupational classification of 1990. Therefore, occupational classifications for the year 1990 have been modified according to those of 2000 in order to be compatible with the 2000 occupational classification and with the 100-point SES scale. After the occupational categories for the year 1990 have been modified and matched for the 100-point SES scale, the two sets of occupational distribution became comparable in terms of SES scores.

The analyses for 1990 includes the total number of 33,515 people, of whom 19,735 are men and 13,780 are women (see Table 1). For the year of 2000, a total number of 36,889 men and women are included in the analyses of whom 20,350 are men and 16,539 are women. The sample are divided into five

racial and ethnic groups including Non-Jewish (mainly represents the Arab population of Israel), European/American Jews (represents the immigrants from Europe, the continent of America, and New Zealand and Australia, excludes the immigrants from Russia and Former Soviet Union), Asian/African Jews (the immigrants from Asia and Africa, excludes the immigrants from the Asian countries that were previously a part of Soviet Union), Russian Jews (includes the immigrants from Russia and Former Soviet Union countries) and Native-Born Israeli Jews (represents the Jewish population born in Israel). The analysis includes the men between 25 and 64 and the women between 25 and 59. I should note that official retirement age in Israel is 65 for men and 60 for women. The people who were studying at the time of the surveys have been deleted from the analysis. Men and women have been analyzed separately considering the fact that women demonstrate different labor market characteristics than men, and there would be many interactions if they were not separated for the analyses.

Descriptive Overview

Partially, as a consequence of the continuous immigration, Israel has experienced significant structural changes in the ethnic and occupational make-up of its labor force. Those changes have been intertwined with the ongoing structural changes in Israeli economy towards a more post-industrial economic

system with an increase in finance and business sector activities. Moreover, the changes in the labor distribution among the various economic sectors and the occupational groups demonstrate the ongoing structural changes in the society and the economy. In the long run, those shifts among the economic sectors and the occupational groups reflect the stability and the change in the society and the economy. Between 1950s and 1990, the percentage of employment in various sectors such as industry, commerce, transportation and personal services remained stable (Goldscheider, 1996). On the other hand, the share of labor in certain sectors including agriculture and construction declined substantially, from 18 percent to 4 percent in agriculture and from 9 percent to 5 percent in construction (Goldscheider, 1996).

By the way, employment in the finance and business sector, and public and community services increased significantly between 1955 and 1990 (Goldscheider, 1996). Table 1 demonstrates the distribution of the sample used in the current analysis by race and ethnicity and gender for 1990 and 2000. The most striking change between 1990 and 2000 is the changed ethnic composition. In the year 1990, Non-Jewish constitutes 9.8 percent of the total while the Russian Jews make up only 6 percent of the total survey population. In the year 2000, the percentage of the Non-Jewish goes up to 13.7 while that of Russian Jews reaches to 17.1.

Table 1.

Distribution of Labor force across gender and race and ethnic groups (in percentages)

	Non-Jewish	European/ American Jews	Asian/ African Jews	Russian Jews	Native Jews
1990					
Total	(n= 3,287)	(n=5,127)	(n=7,439)	(n=2,053)	(n=15,609)
(%)	9.8	15.3	22.2	6.1	46.6
Gender					
Male	(n=2,819)	(n=2,829)	(n=4,609)	(n=1,110)	(n=8,368)
(%) in Male	14.3	14.3	23.4	5.6	42.4
Female	(n=468)	(n=2,298)	(n=2,830)	(n=943)	(n=7,241)
(%) in Female	3.4	16.7	20.5	6.8	52.5
2000					
Total	(n= 5,053)	(n=3,109)	(n=4,599)	(n=6,323)	(n=17,805)
(%)	13.7	8.4	12.5	17.1	48.3
Gender					
Male	(n=3,622)	(n=1,571)	(n=2,703)	(n=3,141)	(n=9,313)
(%) in Male	17.8	7.7	13.3	15.4	45.8
Female	(n=1,431)	(n=1,538)	(n=1,896)	(n=3,182)	(n=8,492)
(%) in Female	8.7	9.3	11.5	19.2	51.3

The share of the Israeli-Born Jews stays the same, which is approximately the half of the population. European American and Asian African Jews experienced a decline of more than 40 percent in their share in the total

labor force. The increase in the ratio of Non-Jews is mainly associated with the higher fertility rates among the Non-Jewish population who are mainly the Israeli Arabs compared to the Jewish population. The share of Russian immigrants increased dramatically, almost tripled from 1990 to 2000 mainly as a consequence of the mass immigration from the Former Soviet Union after the collapse.

The decline in the share of European/American Jews and Asian Jews can be associated with the increase of the share of the other ethnic groups, while the increase in those two ethnic groups stayed at the same level.

Sectoral Distribution of the Labor Force

Table 2 shows the distribution of the ethnic groups among different economic sectors for the year 1990 and 2000, and men and women separately. The percentages demonstrated in the tables refer to the percentage of the employment in that industry for a particular ethnic group not the share of the particular ethnic group within the industry. Therefore the column totals are equal to 100 not the row totals. In other words, the tables show the sectoral composition of the labor force of the each ethnic group. It also demonstrates the average mean status of each economic sector and the mean status score of the

each ethnic group in that particular economic sector.

The total number of people represented in those tables is slightly less than the total number of people included in the rest of the analyses since a very tiny percent of the people included in the rest of the analyses did not answer the survey question asking the economic sector that they are in. Therefore, Table 2 represents almost the entire sample used in the rest of the analysis, but not the entire sample. The sectoral distribution of labor force tables provide substantial insight on the discrepancies between the ethnic groups in terms of their socio-economic status in a certain economic sector (based on a 100 points SES scale).

Males in the Sectoral Distribution:

Table 2.1 and 2.2 show the distribution and the mean socio-economic status of males throughout economic sectors for 1990 and 2000. The total employment share of agriculture is almost the same for the two years under the study, 2.9 percent for 1990 and 3.1 percent for 2000. Moreover, the average SES score for males in agriculture is also approximately the same for the two years, 24.65 for 1990 and 24.73 for 2000. However, the mean SES scores for different ethnic groups differ for the two years. Although it is not very substantial, the male Non-Jews in agriculture experience an increase in their SES, while the

Russian immigrants suffer a dramatic decline of around 45 percent in their Socio-economic status. The other groups in agriculture more or less maintain their SES from 1990 to 2000.

One interesting point is that the share of Non-Jewish in the industrial sectors such as Electricity and Water and Commerce/Hotels/Restaurants increased from 1990 to 2000 but, their mean SES scores declined, which can be interpreted as new comers into this industries took the less qualified jobs or occupations as compared to the previous Non-Jewish population in these industries. The percentage of European-Americans working in Finance and Business sector increased by approximately 8 percent from 1990 to 2000, and their mean SES score remained almost the same. In case of European-Americans, their distribution among the economic sectors remained more or less the same except the case of the increase in the Finance and Business sector. They usually experience no substantial change or increase in the average SES scores for any particular economic sectors. And in case of the SES decline, they experienced no more than 3 percent decline from 1990 to 2000.

In 1990, .3 percent of the Russian immigrants are employed in agriculture. In 2000, 1.4 percent of them are employed in agriculture, and their mean SES score is more than 14 points less than that of the 1990. In 1990, the percentage of Russian immigrants working in Finance and Business sector is

7.7. It went up to 14 percent in 2000, while the mean SES went down by more than 12 points. By the same token, the percentage of Russian immigrants working in construction increased from 4.3 percent to 9.5 percent while the mean SES for construction declined by around 6 points. Generally speaking, Russian immigrants experienced a decline in their SES in every economic sector except the personal services (refer Table 2.1 and Table 2.2).

With the exception of the Non-Jews, all the other ethnic groups allocated more of their labor force in construction sector in 2000 as compared to 1990. in the commerce/hotels and restaurants sectors, all the ethnic groups spared more of their labor force for these particular sectors except the European/American Jews whose share for commerce/hotels and restaurants stayed the same from 1990 to 2000.

Although it is not demonstrated in the tables, I would like to briefly talk about the ethnic composition of the economic sectors rather than the sectoral composition of the ethnic group labor forces presented in the Table 2. Since Israeli-Born Jews outnumber all the other ethnic groups, their percentage in each economic sector is most of the time larger relative to the other ethnic groups. In 1990, they are the largest group in each economic sector except construction where Non-Jewish labor force constitutes more than 41 percent of the labor force in construction while Israel-Born Jews make up the 30 percent of the

construction labor force. In 2000, Non-Jews constitute around 38 percent of the labor force in construction while Israeli Jews comprise approximately 32 percent of the construction labor force. It is important to note that mean SES scores for Non-Jewish and Israeli-Born Jews in the construction sector diverge dramatically indicating that these two ethnic groups are involved in different occupations at different levels of the SES strata in this sector; Israeli Jews take place at the higher ends of the occupational strata while Non-Jewish are at the bottom.

In Finance and Business sector, again Israeli Jews are the dominant group in terms of number. In 1990, 54 percent of this sector is occupied by Israeli Jews while it is 57 percent in 2000. Non-Jewish and Asian African are underrepresented in Finance and Business sector relative to the other ethnic groups in both 1990 and 2000. In 1990, only 7 percent of the Asian-African Jews are employed in Finance and Business (refer to Table 2.2), while they comprise 18 percent of the labor force in Finance and Business. In the same year, only 3.5 percent of Non-Jewish labor force works in Finance and Business and it makes up only 5 percent of the labor force in Finance and Business. In the year 2000, 9.5 percent of the Asian-African labor force is employed in the finance and Business sector, which is approximately 9 percent of the labor force in this sector. In the same year, 6 percent of the Non-Jewish labor is employed

in finance and Business, and they make up 7.6 percent of the total labor force employed in finance and Business.

In both 1990 and 2000, agriculture and construction have the lowest average SES scores among the economic sectors, while finance and Business, and Public and Community services have the highest mean SES scores. In both 1990 and 2000, European/American immigrants have the highest mean SES among the ethnic and racial groups while Non-Jewish, basically the Israeli Arabs, has the lowest SES. Israeli Jews have the second highest SES, and they are followed by the Russian immigrants and Asian/African Jews respectively both in 1990 and 2000.

However, in 2000 the mean SES difference between Russian immigrants and Asian/African immigrants is very small, that is almost nil. Looking at the individual economic sectors reveal that the SES ranking of different ethnic and racial groups with Non-Jewish at the bottom and European/American Jews at the top and Israeli-Born, Russian and Asian/African in the middle sometimes shifting their rank in several sectors is most of the time the case for each individual economic sector in 1990 and 2000 (see Table 2).

Table 2.1
Sectoral Distribution and Mean Status of Males in Israel in 2000 by Race and Ethnicity
(in percentages)

Economic Sector	Mean Status Score	Total	Non-Jewish	European American Jews	Asian/ African Jews	Russian Jews	Israeli-Born Jews
Agriculture	24.73	3.1	3.7	2.6	2.4	1.4	3.8
			(19.06)	(27.30)	(25.09)	(17.96)	(27.37)
Manufacturing	37.70	25.2	19.9	26.4	28.5	38	21.7
			(25.78)	(50.78)	(34.73)	(32.53)	(43.42)
Electricity/Water	45.08	1.4	4.0	1.4	1.5	1.2	1.8
			(27.88)	(50.05)	(41.23)	(53.44)	(45.05)
Construction	29.75	9.7	21	4.6	7.8	9.5	6.9
			(20.82)	(43.21)	(30.61)	(35.23)	(36.00)
Commerce/Hotels/ Restaurants	34.90	17.9	21.3	13.8	18.1	12.2	19.1
			(27.78)	(40.44)	(33.99)	(29.26)	(38.76)
Transportation/ Communication	34.12	9.0	8.9	6.8	10.7	7.0	9.7
			(28.59)	(43.81)	(33.28)	(30.10)	(36.19)
Finance/Business	54.51	14	6.0	19.7	9.5	13.9	17.5
			(39.44)	(59.79)	(47.27)	(45.80)	(58.98)
Public/ Community	50.28	17	16.3	21.9	18.9	14.7	16.7
			(49.62)	(63.36)	(41.50)	(50.32)	(50.48)
Personal Services	37.25	2.6	2.5	2.8	2.6	2.0	2.8
			(26.87)	(46.00)	(32.10)	(38.47)	(40.41)
(N)	–	20,239	3,598	1,566	2,682	3,126	9,267
Percent of Total		100	17.8	7.7	13.3	15.4	45.8
Mean Status		40.28	29.9	52.31	36.39	36.86	44.57

Table 2.2

Sectoral Distribution and Mean Status of Males in Israel in 1990, by Race and Ethnicity
(in percentages)

Economic Sector	Mean Status Score	Total	Non-Jewish	European American Jews	Asian/ African Jews	Russian Jews	Israeli-Born Jews
Agriculture	24.65	2.9	4.0	3.2	2.1	0.3	3.1
			(11.34)	(28.88)	(28.45)	(32.33)	(27.38)
Manufacturing	38.40	28.9	19.7	30.0	31.6	39.1	28.9
			(23.81)	(45.54)	(34.15)	(37.30)	(42.00)
Electricity/Water	46.39	1.8	0.6	2.5	1.6	2.6	1.9
			(33.56)	(53.53)	(38.72)	(56.72)	(46.19)
Construction	27.86	8.9	25.3	4.2	7.7	4.3	6.2
			(17.67)	(45.86)	(29.34)	(41.04)	(35.45)
Commerce/Hotels/ Restaurants	38.75	14.6	14.2	13.9	14.2	12.1	15.5
			(34.59)	(42.06)	(38.56)	(38.04)	(39.18)
Transportation/ Communication	34.64	9.0	8.2	7.9	9.4	7.6	9.6
			(27.00)	(41.96)	(33.79)	(33.75)	(35.34)
Finance/Business	53.80	9.5	3.5	11.8	7.3	7.7	12.1
			(39.61)	(59.47)	(48.83)	(58.13)	(54.60)
Public/ Community	50.82	19.2	18.5	22.2	21.9	21.7	16.7
			(50.44)	(60.09)	(41.17)	(54.03)	(53.23)
Personal Services	36.70	5.3	5.9	4.2	4.1	4.6	6.1
			(25.39)	(44.07)	(34.34)	(35.16)	(39.70)
(N)	–	19,690	2,802	2,826	4,603	1,110	8,368
Percent of Total		100	14.2	14.4	23.4	5.6	42.4
Mean Status		40.68	29.17	49.28	36.94	42.91	43.3

Females in the Sectoral Distribution

The most distinctive feature of the distribution of the female labor force across economic sectors is that more than 40 percent of the female labor force is employed in Public and Community services (refer to Tables 2.3 and 2.4). The figures for the year 1990 and 2000 are 47.5 and 44.8 respectively. The other sectors employing more than 10 percent of the female labor force are Manufacturing, Commerce/Hotels and Restaurants, and Finance and Business. The sectorial distribution of labor force in each ethnic groups is much more similar across ethnic groups and across the two years than it is in the case of male labor force. For each ethnic group, Public and Community services account for more than 40 percent of the labor force in both 1990 and 2000.

In 1990, Commerce/Hotels and Restaurants sector accounts for approximately 13 percent the total female labor force. The figure for the year 2000 is 15.3 percent, which is a bit higher than that of 1990. If we look at the individual ethnic groups, however, in 1990 only 7.7 percent of the Non-Jewish women are employed in this sector, and in 2000 the percentage of the Non-Jewish women working in Commerce/Hotels and Restaurants industry is around 20 percent. The share of this sector in the labor force also increased for the other ethnic group, although the increase is relatively significant only for the Russian

immigrants (from 13.2 to 18.1) and not very considerable for the other 3 Jewish ethnic groups.

Although, the share of manufacturing slightly declined from 1990 to 2000, the decline in the share of this sector is greater for certain ethnic groups including Non-Jewish and Asian African Jewish immigrants. The share of Finance and Business sector, on the other hand, increased in both the total female labor force and in each individual racial and ethnic group. On the other hand, the ethnic composition of this sector also changed from 1990 to 2000. Israeli-Born Jews are the dominant group in Finance and Business constituting more than 60 percent of the labor force working in this sector. Their share declined slightly from 1990 to 2000. The percentage of European/American and Asian/African immigrants employed in Finance and Business declined considerably, although the employment share of finance and business in each ethnic groups increased slightly. In 1990, 15 and 14.4 percent of the labor force working in Finance and Business were European/American and Asian/African immigrants respectively. The share of this sector was 11 percent for the former and 8.5 for the latter. In 2000, the share of finance and Business increased to 14.1 for European/Americans and to 8.7 for Asian/Africans within the total employment in those two ethnic groups. However, only 8.7 percent of the people employed in finance and business was European/American immigrants,

and only 6.6 percent was Asian/African immigrants.

Their relative share within the sector went down mainly because their total and relative number both within the labor force and across the economic sectors declined, as it is the case for their male counterparts. It is also interesting that there is

Table 2.3
Sectoral Distribution and Mean Status of Females in Israel in 2000, by Race and Ethnicity
(percentage)

Economic Sector	Mean Status Score	Total	Non-Jewish	European American Jews	Asian/ African Jews	Russian Jews	Israeli-Born Jews
Agriculture	24.21	0.9	2.1	1.3	1.4	0.9	0.6
			(14.43)	(31.95)	(20.27)	(19.53)	(31.84)
Manufacturing	33.32	12.0	15.9	12.6	11.2	18.9	8.7
			(19.27)	(45.25)	(28.46)	(27.07)	(40.99)
Electricity/Water	38.40	0.3	0.0	0.4	0.2	0.3	0.4
			(-)	(45.33)	(31.75)	(38.64)	(37.88)
Construction	45.26	1.0	0.8	0.7	0.8	0.8	1.1
			(50.58)	(45.50)	(47.67)	(56.32)	(41.36)
Commerce/Hotels/ Restaurants	31.36	15.3	20.2	13.5	15.5	18.1	13.7
			(26.08)	(36.05)	(29.89)	(26.05)	(34.83)
Transportation/ Communication	40.76	3.8	1.3	4.4	3.3	2.6	4.6
			(34.32)	(45.47)	(37.53)	(32.55)	(42.53)
Finance/Business	45.44	15.1	8.9	14.1	8.7	14.3	18.1
			(28.30)	(54.20)	(38.00)	(38.44)	(48.51)
Public/ Community	44.15	44.8	43.6	44.9	45.9	38.5	47.1
			(39.95)	(54.18)	(34.29)	(41.42)	(46.06)
Personal Services	26.18	6.8	7.1	8.1	13.1	5.5	5.6
			(21.02)	(30.10)	(19.34)	(22.91)	(31.08)
(N)	–	16,503	1,429	1,536	1,894	3,178	8,466
Percent of Total		100	8.7	9.3	11.5	19.3	51.3
Mean Status		39.55	30.95	47.89	31.34	34.15	43.35

Table 2.4
Sectoral Distribution and Mean Status of Females in Israel in 1990, by Race and Ethnicity
(in percentages)

Economic Sector	Mean Status Score	Total	Non-Jewish	European American Jews	Asian/ African Jews	Russian Jews	Israeli-Born Jews
Agriculture	28.95	1.6	2.1	2.0	1.5	1.4	1.6
			(13.20)	(31.28)	(21.81)	(18.85)	(33.24)
Manufacturing	32.08	13.5	21.8	12.2	15.7	22.7	11.3
			(12.54)	(34.78)	(27.72)	(32.22)	(35.93)
Electricity/Water	48.26	0.3	0.0	0.3	0.3	0.5	0.3
			(-)	(53.88)	(37.63)	(60.40)	(47.32)
Construction	38.37	0.9	0.4	0.8	1.0	0.4	1.0
			(11.50)	(44.33)	(35.96)	(44.00)	(38.24)
Commerce/Hotels/ Restaurants	30.71	12.6	7.7	14.2	14.8	13.2	11.4
			(25.61)	(31.98)	(28.61)	(27.83)	(31.94)
Transportation/ Communication	38.84	2.9	1.5	3.2	2.5	1.3	3.2
			(33.14)	(37.95)	(38.71)	(36.42)	(39.45)
Finance/Business	42.48	12.1	6.8	11.0	8.5	7.6	14.8
			(33.00)	(48.23)	(35.54)	(43.42)	(42.89)
Public/ Community	49.34	47.5	51.7	49.5	42.7	48.9	48.3
			(55.03)	(53.73)	(37.75)	(47.70)	(51.75
Personal Services	22.98	8.6	7.9	6.8	13.1	3.9	8.1
			(15.03)	(29.76)	(16.57)	(24.22)	(25.62)
(N)	–	13,751	468	2,295	2,827	942	7,219
Percent of Total		100	3.4	16.7	20.6	6.9	52.5
Mean Status		40.82	37.43	45.07	31.63	39.83	43.43

no Non-Jewish female employed in Electricity and Water both in 1990 and 2000 indicating that Non-Jewish women have no access to the job opportunities offered by this sector for certain reasons including the nature of the sector and Jobs offered. In 1990, Electricity and Water, Finance and Business and Public and Community services are the economic sectors with the highest average SES scores. In 2000, the top 3 economic sectors with the highest mean SES scores are Construction, Finance and Business and Public and Community services. It is interesting that both in 1990 and 2000, Construction sector has relatively high mean SES score for the female labor force while it has the lowest average SES score after Agriculture for the male labor force indicating that women working in Construction sector are employed at the high ends of the occupational stratum while men are spread out from the higher ends to the lower ends concentrating at the lower ends of the occupational strata of this sector. However, there are still considerable discrepancies among the ethnic groups by gender, and it is necessary to consider the gender and ethnic-related characteristics of each individual ethnic and racial group before reaching a conclusion. For example, Non-Jewish in Construction sector has a lower average SES score than that of their male counterparts in 1990, while all the other female groups have either almost the same as or better average SES scores than those of their male counterparts.

In 1990, European/American immigrant female have the highest average SES score in general. They are followed by Israeli-Born Jews, Russian Jew, Non-Jewish and Asian/African Jews respectively. It is noteworthy that Non-Jewish women demonstrate relatively a much better performance in general in both 1990 and 2000 compared to their male counterparts while all the other female groups have lower average SES scores than those of their male counterparts for both years.

So far I have looked at the sectoral distribution of labor force and ethnic composition of economic sectors by gender. Although, the rest of the analyses deal with the occupational characteristics of the labor force, I think it is important to take into account the sectoral distribution of the labor force by gender and ethnicity. Moreover, the changes in the ethnic and gender composition of the economic sectors might provide substantial insight about the social and economic restructuring and are therefore worth considering.

Occupational Distribution of the Labor force

The occupational stratum is divided into 8 sub categories from Professional (Academic, Scientific and Technical) and Managerial occupations groups to skilled and unskilled workers categories. Clerical and Sales and

Services occupations are also categorized as separate occupational groups. Skilled workers are divided into three occupational categories of 'skilled construction workers', 'skilled agricultural workers' and 'other skilled workers' considering the nature and the relative importance of agriculture and construction sectors in the Israeli labor force and economy. The samples include men aged between 25 and 64 and women aged between 25 and 59. Non-Jewish labor which takes place at the bottom of the social strata tend to concentrate into 'skilled workers' and 'unskilled workers' occupational categories while European/American immigrants and Israeli-Born Jews tend to occupy the highest ends of the occupational strata as well as social and economic strata.

In 1990, approximately 17 percent of the Non-Jewish labor has professional or managerial occupational positions. In the same year, more than 40 percent of the European/American Jewish immigrants and more than 35 percent of Russian immigrants and Israel-Born Jews have either professional or managerial positions. The percentage for Asian/African immigrant group is 21 for that year. Again 1990, around 10 percent of the Non-Jewish labor force is unskilled labor, while less the 2 percent of the European/American and Native-Born Jews work as unskilled labor. For Asian/African and Russian Jews the percentage is less than 4 percent.

In the year 2000, the pictures are notably different than those of 1990

although the main patterns did not change a lot. Professional and Managerial occupations constitute around 21 percent of the Non-Jewish labor force in 2000. Considering the figures in 1990, not surprisingly, about 53 percent of the European/American immigrants have Professional and/or Managerial occupations. In the same year, approximately 40 percent of Israeli-Born Jews have those types of occupations. The figure for Asian/African Jews is 22.4 slightly higher than that of the year 1990. The only ethnic group experiencing a decline in the percentage of Professionals and Managers is Russian immigrants. In 2000, around 30 percent of the Russian labor has Professional and/or Managerial occupations 7 percent less than the figure of the year 1990.

In 2000, the total percent of unskilled labor is 8.9 percent notably higher than the value of 1990, which is 3 percent. Around 15 percent of Non-Jewish and Russian immigrants and 12 percent of Asian/African immigrants are in unskilled worker category in the year 2000. Non-Jewish and Russian immigrants together constitute more than half of the labor force in the unskilled occupations. The percentages for European/American immigrants and Israel-Born Jews are 4.1 and 4.9 respectively, although higher than their 1990 figures, substantially less than those for the other ethnic groups. One of the theoretical approaches getting attention in the literature is "replacement approach" which suggests that immigrants replace the Palestinian labor force that has become less and less

available after the 1987 Intifada (Palestinian uprising) in the sectors relying heavily on Palestinian work force namely agriculture and construction (see for example Menahem and Spiro, 1999).

Males in the Occupational Strata

Tables 3.1 and 3.2 show the occupational distribution of the sample by ethnicity for men aged between 25 and 64 for 1990 and 2000. Similar to the sectoral distribution tables, they provide information on the occupational make-up of each ethnic group. The three columns indicate the total number of people falling into each ethnic group, their percentage share within the total population and the mean SES scores for each ethnic group. In both 1990 and 2000, Israel-Born Jews are the most populous group among the five groups, and European/American immigrants have the highest SES score. In 1990, Russian immigrants represent only 5.6 percent of the total labor force and they are the smallest ethnic group within the total labor force. In 2000, as a consequence of the massive Russian Aliyah (Jewish immigration) starting from 1989, Russian immigrants became the third largest ethnic group in the Israeli labor force after the Native-Born Jews and Non-Jews. In 2000, European/American Jews occupy only 7.7 percent of the labor market, while their share is 14.3 percent in 1990.

In both 1990 and 2000, Non-Jewish males have the lowest mean SES score among the five ethnic groups. Their mean SES score remained almost the same from 1990 to 2000. Although it is slightly higher for the year 2000, the difference between the mean SES scores for the two years is less than 1 point (based on 100 points scale). European/American and Israeli-Born Jews experienced small increases in their average SES scores, while the mean SES score of Asian/African Jews declined less than 1 point. Russian Jews experienced the largest change in their mean SES score from 1990 to 2000 among the 5 ethnic groups. Their mean SES score declined by 6 points from 42.94 in 1990 to 36.85 in 2000. SES changes differ across occupations not only for Russian Jews but also for the other 4 ethnic groups.

In 1990, 13.5 percent of the male Non-Jewish labor force has professional and managerial occupations. Asian/African immigrant males have 19.7 percent of their labor force in professional and managerial positions. The share of professional and managerial occupations is 33.1, 34.8 and 43.7 for the Israeli-Born Jewish, Russian immigrants and European/American immigrants. Despite their small number both within their ethnic group and within the professional and managerial occupations (Non-Jewish male occupy only 5.8 percent of the professional occupations and only 2.7 percent of managerial positions occupied by the total male labor force), Non-Jewish males in this

category of occupations have a higher SES score than does the population average. Their average socioeconomic status is higher than all the other ethnic groups but European/Americans in professional occupations, and higher than all the other 4 ethnic groups in managerial occupations (see Table 3.1). In the year 2000, the mean SES scores for Non-Jewish males in professional and managerial occupations are slightly lower than total averages for these two occupational categories. In the professional category, the average SES score for Non-Jewish male is lower than all the other ethnic groups except that of the Asian/African immigrants. In the managerial category, they have the lowest mean SES score, although their SES score is only slightly lower than that of Russian immigrants.

The share of the upper part of the occupational strata including professional and managerial positions increased from 1990 to 2000 as well as the lowest part of it including unskilled workers. The share of the unskilled labor in 1990 was 4.1, and increased to 8.3 in 2000. Except the Non-Jewish, all the other 4 Jewish groups experienced an increase in their share of the unskilled labor. The share of unskilled workers for the Non-Jewish population declined around 1.5 percent. While European/American Jewish immigrant group and the Native-Born Jewish group experienced around 2 to 3 percent increase in their share of unskilled workers, the increase for the Asian/African and the Russian

immigrant groups is substantial. In 1990, only 4.4 percent of Asian/Africans and 4.9 percent of Russians were unskilled workers. In the year 2000, 11 percent of the Asian/Africans and 13 percent of the Russians were unskilled labor. The share of Russian labor within the unskilled occupational stratum increased from 6.7 percent to 24 percent from 1990 to 2000. On the other hand, despite the fact that more Asian/Africans as number and as percentage fell into the category of unskilled workers in 2000 than it is the case in 1990, their relative share within the unskilled labor force declined from 24.8 percent in 1990 to 17.5 percent in 2000.

As we move down within the occupational strata, it seems that the discrepancy between the Non-Jewish and the Jewish labor force in terms of socio-economic status tends to increase. And the relative disadvantage of certain groups such as Non-Jewish and Asian/African immigrants appears to drive from the facts that those groups tend to concentrate at the lower ends of the occupational strata as well as at the lower end of occupations in each occupational group.

Table 3.1
Occupational Distribution and Mean Status of Males in Israel in 1990, by Race and Ethnicity
(in percentages)

Occupational Group	Mean Status Score	Total	Non-Jewish	European American Jews	Asian/ African Jews	Russian Jews	Israeli-Born Jews
Professional	66.16	20.1	11.5	30.9	11.5	28.4	23.0
			(69.13)	(69.26)	(62.95)	(68.64)	(64.72)
Managerial	72.08	8.7	2.0	12.8	8.2	6.4	10.2
			(76.75)	(72.31)	(70.86)	(70.97)	(72.31)
Clerical	36.00	9.9	5.0	11.5	12.0	5.0	10.4
			(35.40)	(37.43)	(35.82)	(37.86)	(35.56)
Sales and Services	33.62	17.8	19.7	14.1	21.0	14.2	17.1
			(30.29)	(35.90)	(31.40)	(30.44)	(36.13)
Skilled Agricultural Workers	22.08	2.1	2.7	2.1	1.5	0.4	2.5
			(17.39)	(23.90)	(24.84)	(14.00)	(22.53)
Skilled Construction Workers	21.24	2.7	7.7	0.9	2.8	0.8	1.8
			(14.59)	(24.88)	(25.64)	(23.44)	(26.44)
Other Skilled Workers	28.73	34.6	40.4	25.6	38.5	39.9	32.9
			(21.88)	(32.19)	(29.07)	(29.44)	(30.31)
Unskilled Workers	13.87	4.1	10.9	2.1	4.4	4.9	2.2
			(13.00)	(14.55)	(14.73)	(14.22)	(14.06)
(N)		19,735	2,819	2,829	4,609	1,110	8,368
Percent of Total		100	14.3	14.3	23.4	5.6	42.4
Mean Status		40.66	29.10	49.30	36.92	42.94	43.39

Note: Mean status scores are in the parentheses.

Table 3.2
Occupational Distribution and Mean Status of Males in Israel in 2000, by Race and Ethnicity
(in percentages)

Occupational Group	Mean Status Score	Total	Non-Jewish	European American Jews	Asian/ African Jews	Russian Jews	Israeli-Born Jews
Professional	65.99	22.2	13.7 (64.07)	37.9 (69.58)	13.6 (61.90)	24.6 (68.85)	24.5 (65.16)
Managerial	69.65	10.5	3.3 (67.19)	16.6 (70.00)	9.4 (70.55)	3.9 (67.80)	14.8 (69.80)
Clerical	38.48	7.8	4.8 (38.04)	7.9 (39.37)	10.1 (38.07)	5.2 (34.90)	9 (39.27)
Sales and Services	32.60	13.5	11.5 (27.89)	12.2 (35.54)	15.4 (31.77)	8.5 (28.65)	15.6 (34.52)
Skilled Agricultural Workers	21.62	2.7	3.0 (19.21)	2.4 (24.14)	2.8 (22.51)	1.1 (17.54)	3.1 (22.46)
Skilled Construction Workers	19.21	3.7	11.1 (16.54)	1.0 (23.53)	2.5 (22.09)	2.5 (20.33)	2.0 (23.05)
Other Skilled Workers	27.45	31.4	40.1 (24.99)	16.7 (31.03)	35.2 (28.20)	41.2 (26.51)	26.0 (28.74)
Unskilled Workers	12.24	8.3	12.5 (10.71)	5.3 (14.04)	11.0 (13.64)	13.0 (10.59)	4.9 (13.98)
(N)		20,350	3,622	1,571	2,703	3,141	9,313
Percent of Total		100	17.8	7.7	13.3	15.4	45.8
Mean Status		40.26	29.83	52.21	36.40	36.85	44.58

Note: Mean status scores are in the parentheses.

Females in the Occupational Strata

The female labor force is collapsed into 7 occupational categories instead of 8. Table 3.3 and 3.4 show the distribution of female labor force across occupational categories. The category for the skilled construction workers is collapsed into the "other skilled workers" category since there are only a few female skilled construction workers in both years. The distribution of the female labor force displays different patterns from that of the male labor force. A higher percentage of female labor force is in professional positions than is the percentage of males in these occupations. In 1990, 36 percent of the total females were in Professional occupations while 20 percent of the males fell into this category.

In 2000, approximately 32 percent of the females were professionals, while the ratio of male professionals to the total number of males was 22 percent. On the other hand, in 1994, only 2.4 percent of females were in managerial positions while 8.7 percent of the males occupied managerial positions. In 2000, managerial positions accounted for only 4.3 percent of the female employment, while their share was 10.5 percent for the male labor force. One general pattern for male and female labor is that the males tend to concentrate in professional occupations and skilled workers categories, and the

females tend to concentrate into professional, clerical and sales and services jobs. Relatively better performance of the Non-Jewish compared to the other Jewish ethnic groups in professional and managerial occupations, is also the case for females in these occupational positions. In 1990, there is no Non-Jewish female in managerial occupations. However, the mean SES score of the Non-Jewish female in professional positions is interestingly higher than those of the Jewish female groups, which is similar to the performance of their male counterparts in the professional occupations in 1990. In 2000, the mean SES of Non-Jewish female in professional positions is slightly less than the average SES for the females in this category of occupations and higher than only that of the Asian/African female Jews. However, with their tiny existence in managerial occupations, Non-Jewish females have a higher socio-economic status than their Jewish counterparts except for the European/American Jews who have slightly higher SES.

One of the interesting changes from 1990 to 2000 in the distribution of the female ethnic groups across occupations is that the increased relative share of the Russian immigrants in each occupational category. In 1990, only 6.8 percent of the total female labor force was Russian Jews. In 2000, Russian immigrants accounted for slightly higher than 19 percent of the total females in the labor force. In 2000, there was a higher ratio of Russian immigrants in every

occupational category. In 2000, Russian immigrants tended to concentrate into sales and services, skilled and unskilled workers categories. Interestingly, Non-Jewish female have a higher mean SES score then that of their male counterparts for both years while all the other Jewish female groups have lower mean SES scores than those of their male counterparts. The only exception for this is the Native-Born female Jews who have a

Table 3.3
Occupational Distribution and Mean Status of Females in Israel in 1990, by Race and Ethnicity
(in percentages)

Occupational Group	Mean Status Score	Total	Non-Jewish	European American Jews	Asian/ African Jews	Russian Jews	Israeli-Born Jews
Professional	60.71	36.1	40.6	45.1	20.7	38.0	38.8
			(64.63)	(61.56)	(56.58)	(60.62)	(61.00)
Managerial	71.79	2.4	0.0	2.3	2.0	1.6	2.7
			(-)	(71.10)	(71.79)	(73.93)	(71.81)
Clerical	36.70	28.8	13.5	26.5	24.6	22.4	33.0
			(34.25)	(36.80)	(36.31)	(36.99)	(36.82)
Sales and Services	20.25	24.8	22.2	19.8	41.3	23.8	20.3
			(16.81)	(23.46)	(17.65)	(17.42)	(22.00)
Skilled Agricultural Workers	16.73	0.7	1.7	0.8	0.9	1.3	0.4
			(15.25)	(19.32)	(14.16)	(14.25)	(18.50)
Other Skilled Workers	22.20	5.9	18.2	4.4	8.5	10.8	3.9
			(11.87)	(21.54)	(21.55)	(25.71)	(24.82)
Unskilled Workers	12.72	1.3	3.8	1.2	1.9	2.2	0.8
			(11.17)	(18.07)	(11.21)	(11.86)	(12.43)
(N)		13,780	468	2,298	2,830	943	7,241
Percent of Total		100	3.4	16.7	20.5	6.8	52.5
Mean Status		40.81	37.43	45.07	31.61	39.83	43.41

Note: Mean status scores are in the parentheses.

Table 3.4
Occupational Distribution and Mean Status of Females in Israel in 2000, by Race and Ethnicity
(in percentages)

Occupational Group	Mean Status Score	Total	Non-Jewish	European American Jews	Asian/ African Jews	Russian Jews	Israeli-Born Jews
Professional	59.35	31.9	28.2 (56.68)	44.0 (61.76)	18.6 (55.08)	29.5 (61.28)	34.2 (59.05)
Managerial	69.12	4.3	1.6 (70.43)	7.0 (70.90)	2.9 (69.58)	1.3 (67.46)	5.7 (68.76)
Clerical	38.58	26.6	13.6 (36.70)	23.4 (39.74)	22.1 (38.56)	16.3 (37.07)	34.2 (38.84)
Sales and Services	24.84	21.7	21.9 (22.91)	18.3 (27.33)	36.6 (22.60)	24.0 (22.82)	18.2 (26.78)
Skilled Agricultural Workers	22.83	0.5	1.2 (20.29)	1.0 (24.88)	0.5 (22.10)	0.2 (23.00)	0.3 (23.48)
Other Skilled Workers	21.01	5.5	12.1 (16.95)	3.3 (26.50)	5.8 (19.64)	11.7 (21.02)	2.5 (23.74)
Unskilled Workers	7.56	9.5	21.4 (7.00)	3.0 (10.85)	13.5 (7.39)	16.9 (6.76)	5.0 (8.73)
(N)		16,539	1,431	1,538	1,896	3,182	8,492
Percent of Total		100	8.7	9.3	11.5	19.2	51.3
Mean Status		39.53	30.94	47.88	31.31	34.13	43.32

Note: Mean status scores are in the parentheses.

slightly higher mean SES score than their male counterparts in 1990. This might be directly associated with the different nature of labor force participation for Non-Jewish female. Religious and cultural characteristics of Non-Jewish population in Israel are effective in determining the female labor force participation. However, there are also structural factors that determine the labor force participation of the female Non-Jewish population. Those structural factors are associated with the geographical segregation of this minority group within the country, which in turn led to the economic as well as social segregation of the group within the general Israeli context. All of these factors limit the economic opportunities available to the Non-Jewish as they limit all other social prospects that this minority group can access to. It is expected that these disadvantages have differential impact on male and female in all aspects of life including the labor force participation of the two sexes. It is also expected that the female labor force participation of Non-Jewish have different patterns than the female labor force participation of Jewish ethnic groups.

From 1990 to 2000, except the European/American Jews, all the other female groups experienced a decline in their average SES scores. Non-Jewish female followed by Russian Jews experienced a larger decline in their mean SES scores compared to the other female groups. It is also noteworthy that the deviances between the mean SES scores of the five female groups are smaller

than those of their male counterparts meaning that there is a larger gap between the lowest mean SES score and the highest mean SES score in the case of males than in the case of females.

CHAPTER 4.

Racial, Ethnic and Gender Differentials in Socio-Economic Status

Description of the Analysis and the Variables

The analysis is carried out in multiple steps to decompose the difference in the mean SES scores between different ethnic groups for the years 1990 and 2000. In the first part of the analysis, the decomposition technique is used for the year 1990 and 2000 separately. This analysis enables us to see the relative advantage of one ethnic group over the other in each particular year after controlling for the basic human capital inputs. In the first step, OLS regression models are conducted for male and female separately. For each sex, an OLS regression model is run for each of the 5 ethnic groups separately since otherwise there will be too many interactions among the variables. This is done for both years separately. The variables used in the regression models include Socio-Economic Status score (SES score), age (in years), marital status (dummy variable- '1' is assigned if the individual is married), education (a variable for the years of education is used in addition to 2 dummy-variables for college (two-year higher school education) and university (four or more years of education).

In the second part, only the Jewish immigrant groups are kept and the decomposition technique is replicated for those groups in order to see the net

advantage of one immigrant group to the other after controlling for the year of immigration in addition to the human capital variables. In this section, three more variables are added to the models including the years spent in Israel (calculated as subtracting the year of immigration from 1990 and 2000) and 2 dummy variables for the period of immigration indicating if the immigrant immigrated to Israel within the first Aliyah period (defined as before 1952), and if the immigrant immigrated to Israel within the last Aliyah period (defined as between 1980 and 1990 for the year 1990, and between 1990 and 2000 for the year 2000).

In the last part, the regression decomposition technique is used across years by taking the 2000 SES scores for each ethnic group as reference for their 1990 SES scores. Therefore, it is possible to see if a particular ethnic group is doing better or worse in the year 2000 compared to their performance in the year 1990 in terms of socio-economic achievement. In other words, the last part enables us to see the net advantage of the year 2000 over the year 1990 for each ethnic group.

The only variable that could be substantially important for the analysis but is left aside due to the lack of data is the Hebrew proficiency of the immigrants, which is likely to be significant in their integration into the occupational strata. Although, all the Jewish immigrants are given language

education upon their arrival, their proficiency in Hebrew is substantially diverse across different ethnic groups, which in turn might be important to adapt their human capital into the new socio-economic circumstances in a new country especially for the immigrants in certain occupations that require language skills

The dependent variable in the regression models is SES (Socio-Economic Status) score measured on a 100-point scale developed in 2000 for Israeli labor market. More detailed information regarding the measurement of SES is given in the previous section. Tables 4.1 and 4.2 show the means and standard deviations of the variables used in the OLS regressions and decompositions.

Table 4.1
Means for Variables for the Male Labor Force aged 25-64 in 1990 and 2000 LF surveys
(Standard Deviations in parentheses)

	Non-Jewish	European/ American	Asian/ African	Russian	Native-Born
1990 Variable					
SES	29.10	49.30	36.92	42.94	43.39
	(20.18)	(22.50)	(19.25)	(23.56)	(20.76)
Age	39.21	48.59	45.95	43.36	37.42
	(9.66)	(10.15)	(9.10)	(10.26)	(8.78)
MS	0.86	0.91	0.92	0.92	0.83
	(0.35)	(0.29)	(0.27)	(0.26)	(0.38)
YofSch	9.05	13.37	10.82	12.77	12.73
	(3.87)	(3.77)	(3.14)	(3.65)	(3.01)
College	0.05	0.10	0.06	0.17	0.11
	(0.23)	(0.30)	(0.24)	(0.37)	(0.31)
University	0.08	0.35	0.10	0.31	0.22
	(0.27)	(0.48)	(0.30)	(0.46)	(0.41)
YinIsr	NA	31.50	32.83	17.65	NA
		(13.15)	(9.61)	(11.17)	
FirstWave	NA	0.47	0.45	0.10	NA
		(0.50)	(0.50)	(0.30)	
LastWave	NA	0.08	0.03	0.13	NA
		(0.27)	(0.16)	(0.34)	
Sample Size	(n=2,819)	(n=2,829)	(n=4,609)	(n=1,110)	(n=8,368)
2000 Variable					
SES	29.83	52.21	36.40	36.85	44.58
	(19.38)	(23.31)	(20.18)	(23.65)	(21.82)
Age	38.26	48.70	49.74	43.56	39.81
	(9.26)	(9.59)	(8.84)	(10.35)	(9.50)
MS	0.85	0.86	0.90	0.85	0.78
	(0.35)	(0.35)	(0.30)	(0.35)	(0.41)
YofSch	11.09	14.81	11.39	13.78	13.31
	(3.92)	(3.70)	(3.73)	(3.10)	(3.06)
College	0.10	0.17	0.12	0.22	0.14
	(0.29)	(0.38)	(0.32)	(0.42)	(0.35)
University	0.17	0.47	0.14	0.45	0.27
	(0.38)	(0.50)	(0.34)	(0.50)	(0.45)
YinIsr	NA	32.49	38.95	11.65	NA
		(15.64)	(13.16)	(9.54)	
FirstWave	NA	0.25	0.36	0.01	NA
		(0.43)	(0.48)	(0.11)	
LastWave	NA	0.11	0.06	0.55	NA
		(0.30)	(0.22)	(0.50)	
Sample Size	(n=3,622)	(n=1,571)	(n=2,703)	(n=3,141)	(n=9,313)

Table 4.2
Means for Variables for the Female Labor Force 25-59 in 1990 and 2000 LF surveys
(Standard Deviations in parentheses)

	Non-Jewish	European/ American	Asian/ African	Russian	Native-Born
1990 Variable					
SES	37.43	45.07	31.61	39.83	43.41
	(25.14)	(20.37)	(18.83)	(21.89)	(19.60)
Age	34.45	43.74	43.13	41.71	36.64
	(8.12)	(8.79)	(7.73)	(8.95)	(8.14)
MS	0.49	0.80	0.81	0.88	0.80
	(0.50)	(0.40)	(0.39)	(0.32)	(0.40)
YofSch	11.49	13.74	10.90	12.89	13.28
	(3.54)	(3.22)	(3.19)	(3.21)	(2.69)
College	0.24	0.18	0.12	0.24	0.21
	(0.43)	(0.39)	(0.32)	(0.43)	(0.41)
University	0.12	0.34	0.08	0.28	0.23
	(0.32)	(0.47)	(0.27)	(0.45)	(0.42)
YinIsr	NA	27.06	31.67	17.71	NA
		(12.85)	(9.92)	(10.03)	
FirstWave	NA	0.32	0.39	0.08	NA
		(0.47)	(0.49)	(0.27)	
LastWave	NA	0.11	0.03	0.11	NA
		(0.31)	(0.16)	(0.31)	
Sample Size	(n=468)	(n=2,298)	(n=2,830)	(n=943)	(n=7,241)
2000 Variable					
SES	30.94	47.88	31.31	34.13	43.32
	(21.12)	(19.77)	(18.16)	(22.87)	(18.35)
Age	36.75	45.65	47.14	41.83	38.50
	(8.31)	(8.68)	(7.92)	(9.15)	(8.83)
MS	0.64	0.76	0.78	0.75	0.77
	(0.48)	(0.43)	(0.42)	(0.44)	(0.42)
YofSch	12.68	14.83	11.54	14.06	13.70
	(3.35)	(2.97)	(3.38)	(2.81)	(2.79)
College	0.23	0.20	0.16	0.28	0.19
	(0.42)	(0.40)	(0.37)	(0.45)	(0.39)
University	0.29	0.49	0.13	0.48	0.32
	(0.46)	(0.50)	(0.33)	(0.50)	(0.46)
YinIsr	NA	28.69	36.31	11.32	NA
		(15.39)	(13.82)	(9.32)	
FirstWave	NA	0.16	0.27	0.01	NA
		(0.37)	(0.44)	(0.10)	
LastWave	NA	0.15	0.08	0.58	NA
		(0.36)	(0.26)	(0.49)	
Sample Size	(n=1,431)	(n=1,538)	(n=1,896)	(n=3,182)	(n=8,492)

Table 5.1

OLS estimates of parameters in SES regression models for the Male aged 25-64 for 1990 and 2000

	Non-Jewish	European/ American Jews	Asian/ African Jews	Russian Jews	Native Jews
2000					
Ind. Variable					
Age	0.2439	0.1734	0.0997	-0.2940	0.0810
	(8.20)**	(3.68)**	(2.86)**	(7.98)**	(4.26)**
MS	-0.1366	7.7721	1.7712	1.5041	1.9511
	(0.18)	(5.97)**	(1.72)	(1.43)	(4.48)**
YofSch	1.7335	2.3673	1.6885	2.3713	2.5864
	(17.61)**	(12.64)**	(15.12)**	(11.44)**	(29.43)**
College	4.8345	4.7935	8.7200	-1.8402	6.2477
	(4.90)**	(3.36)**	(8.20)**	(1.53)	(11.04)**
University	16.4638	15.7968	21.9240	10.8972	16.9275
	(16.50)**	(10.30)**	(18.88)**	(7.37)**	(27.42)**
Intercept	-1.8682	-6.2902	6.6170	11.2235	-0.0851
	(1.18)	(1.94)	(3.07)**	(4.13)**	(0.07)
R^2	0.3934	0.4390	0.3984	0.2512	0.4406
Age	-	0.0015	-0.0486	-0.4129	-
		(0.03)	(1.06)	(11.62)**	
MS	-	7.8492	1.1585	0.4248	-
		(6.07)**	(1.13)	(0.43)	
YofSch	-	2.4878	1.5217	2.0816	-
		(13.32)**	(13.45)**	(10.55)**	
College	-	4.6729	9.1298	1.0763	-
		(3.29)**	(8.65)**	(0.94)	
University	-	16.0843	23.3637	15.1278	-
		(10.57)**	(19.97)**	(10.58)**	
YinIsr	-	0.2199	0.1136	0.5006	-
		(3.80)**	(2.46)*	(8.97)**	
FirstWave	-	-2.7069	-0.1069	-3.9710	-
		(1.73)	(0.12)	(1.06)	
LastWave	-	-1.9616	-5.8886	-6.2503	-
		(1.00)	(3.20)**	(6.67)**	
Intercept	-	-6.1326	12.1547	16.4464	-
		(1.79)	(4.83)**	(6.01)**	
R^2	-	0.4520	0.4098	0.3345	-
N	(n=3622)	(n=1571)	(n=2703)	(n=3141)	(n=9313)

Note: Absolute value of the t-ratio is in the parentheses

Table 5.1 continues

OLS estimates of parameters in SES regression models for the Male aged 25-64 for 1990 and 2000

	Non-Jewish	European/ American Jews	Asian/ African Jews	Russian Jews	Native Jews
1990 Ind. Variable					
Age	0.3433	0.1662	0.0816	0.2170	0.2944
	(10.46)**	(5.10)**	(3.08)**	(4.17)**	(14.15)**
MS	2.0492	4.1855	3.0385	4.6285	1.9410
	(2.38)*	(3.81)**	(3.52)**	(2.34)*	(4.09)**
YofSch	2.1248	2.6973	2.4204	2.9895	2.6276
	(20.76)**	(20.89)**	(23.59)**	(12.29)**	(30.42)**
College	27.0267	3.8008	7.3700	1.3107	5.3355
	(19.65)**	(3.18)**	(7.00)**	(0.76)	(8.45)**
University	19.2498	12.6350	14.2649	13.1116	13.8792
	(14.92)**	(12.26)**	(14.15)**	(6.57)**	(21.85)**
Intercept	-8.3650	-3.4703	2.2676	-13.2410	-6.2315
	(4.78)**	(1.38)	(1.24)	(3.41)**	(5.05)**
R^2	0.4841	0.4319	0.3321	0.4650	0.4166
Age	-	0.0470	0.0176	0.0927	-
		(1.27)	(0.59)	(1.76)	
MS	-	3.7785	2.8491	4.3551	-
		(3.46)**	(3.31)**	(2.28)*	
YofSch	-	2.7519	2.4384	2.6450	-
		(21.41)**	(23.79)**	(11.08)**	
College	-	4.1875	7.2228	3.1639	-
		(3.53)**	(6.86)**	(1.87)	
University	-	13.2749	14.4801	16.5551	-
		(12.92)**	(14.30)**	(8.40)**	
YinIsr	-	0.1081	0.0664	0.4514	-
		(1.93)	(1.52)	(4.60)**	
FirstWave	-	1.6553	1.4462	-5.0201	-
		(1.37)	(1.95)	(1.68)	
LastWave	-	-2.7510	0.8835	-3.3861	-
		(1.70)	(0.50)	(1.57)	
Intercept	-	-2.2646	2.3167	-11.5869	-
		(0.81)	(1.11)	(2.79)**	
R^2	-	0.4413	0.3351	0.5041	-
N	(n=2819)	(n=2829)	(n=4609)	(n=1110)	(n=8368)

Note: Absolute value of the t-ratio is in the parentheses

Table 5.2

OLS estimates of parameters in SES regression models for the Female aged 25-59 for 1990 and 2000

	Non-Jewish	European/ American Jews	Asian/ African Jews	Russian Jews	Native Jews
2000					
Ind. Variable					
Age	-0.2332	0.0358	0.1357	-0.2760	0.0213
	(4.11)**	(0.75)	(3.31)**	(7.01)**	(1.27)
MS	1.1989	3.3251	3.8959	2.7584	2.0366
	(1.23)	(3.47)**	(5.07)**	(3.36)**	(5.79)**
YofSch	2.6966	2.8236	2.3810	3.0534	2.7366
	(11.72)**	(12.92)**	(18.59)**	(14.43)**	(29.58)**
College	2.8550	1.3456	7.6610	-1.1061	4.2408
	(1.88)	(1.00)	(7.42)**	(0.94)	(8.70)**
University	7.1967	8.1772	12.9533	5.6800	12.1867
	(4.06)**	(5.45)**	(10.63)**	(3.85)**	(20.96)**
Intercept	1.7939	-2.4808	-8.4931	-1.7144	-1.2094
	(0.53)	(0.71)	(3.37)**	(0.60)	(0.96)
R^2	0.3088	0.3436	0.4166	0.2266	0.4542
Age	-	-0.2501	-0.0475	-0.4511	-
	-	(4.51)**	(0.90)	(11.95)**	-
MS	-	2.7246	2.4331	0.7527	-
	-	(2.92)**	(3.16)**	(0.98)	-
YofSch	-	2.7277	2.2002	2.5042	-
	-	(12.86)**	(17.27)**	(12.62)**	-
College	-	1.9533	8.6552	3.2519	-
	-	(1.49)	(8.50)**	(2.90)**	-
University	-	10.0202	14.8151	12.3245	-
	-	(6.83)**	(12.14)**	(8.72)**	-
YinIsr	-	0.3383	0.0736	0.6086	-
	-	(6.69)**	(1.52)	(11.12)**	-
FirstWave	-	-3.5648	-0.5456	-4.3483	-
	-	(2.37)*	(0.56)	(1.17)	-
LastWave	-	-1.1634	-9.7120	-6.0946	-
	-	(0.73)	(5.40)**	(6.71)**	-
Intercept	-	2.4620	1.2344	7.1034	-
	-	(0.68)	(0.44)	(2.49)*	-
R^2	-	0.3845	0.4426	0.3317	-
N	(n=1431)	(n=1538)	(n=1896)	(n=3182)	(n=8492)

Note: Absolute value of the t-ratio is in the parentheses

Table 5.2 continues

OLS estimates of parameters in SES regression models for the Female aged 25-59 for 1990 and 2000

	Non-Jewish	European/ American Jews	Asian/ African Jews	Russian Jews	Native Jews
1990 Ind. Variable					
Age	0.1994	0.1031	0.0061	-0.0892	0.1192
	(2.41)*	(2.79)**	(0.17)	(1.49)	(5.72)**
MS	4.9462	3.4556	0.1873	5.8428	1.6357
	(3.56)**	(4.37)**	(0.28)	(3.60)**	(3.89)**
YofSch	3.7974	2.8692	2.7931	3.9000	3.6253
	(13.03)**	(17.72)**	(24.59)**	(14.56)**	(34.86)**
College	19.5347	7.4208	13.3246	3.9025	9.1666
	(9.00)**	(7.15)**	(14.17)**	(2.41)*	(17.08)**
University	10.7674	11.5764	11.7097	6.7884	8.0982
	(3.79)**	(10.03)**	(10.09)**	(3.39)**	(12.00)**
Intercept	-21.3789	-6.9311	-1.7988	-14.6916	14.2655
	(5.22)**	(2.55)*	(0.79)	(3.28)**	(9.67)**
R^2	0.6912	0.4500	0.4565	0.4654	0.4659
Age	-	-0.0541	-0.0738	-0.1630	-
	-	(1.29)	(1.80)	(2.70)**	-
MS	-	3.0951	0.1202	4.6320	-
	-	(3.95)**	(0.18)	(2.93)**	-
YofSch	-	2.9597	2.8221	3.7773	-
	-	(18.48)**	(24.90)**	(14.46)**	-
College	-	7.0549	12.9822	5.1456	-
	-	(6.89)**	(13.82)**	(3.26)**	-
University	-	12.1782	12.0400	8.9803	-
	-	(10.67)**	(10.37)**	(4.58)**	-
YinIsr	-	0.2505	0.0665	0.3397	-
	-	(4.69)**	(1.46)	(3.61)**	-
FirstWave	-	-1.1755	1.3502	-6.5488	-
	-	(0.98)	(1.65)	(2.19)	-
LastWave	-	-0.9754	-3.0967	-6.9441	-
	-	(0.70)	(1.56)	(3.19)**	-
Intercept	-	-7.4496	-1.1635	-14.6202	-
	-	(2.49)*	(0.47)	(3.18)**	-
R^2	-	0.4659	0.4612	0.5018	-
N	(n=468)	(n=2298)	(n=2830)	(n=943)	(n=7241)

Note: Absolute value of the t-ratio is in the parentheses

Regression Decomposition

The regression decomposition method allows us to predict the value of the dependent variable based on and using the means of the independent variables (see Sakamoto and Chen, 1992). By this way, it is possible to evaluate the differential in the SES scores for the different ethnic groups in the Israeli labor market. Regression decomposition allows us to decompose the difference between the mean values of SES scores for two different ethnic groups based on the means of the independent variables and the regression coefficients for two OLS regressions. I use the term 'ref' to refer to the reference group and the term 'sub' to refer to the subordinate group.

$$(\hat{Y}^{ref} - \hat{Y}^{sub}) = (\alpha^{ref} - \alpha^{sub}) + \Sigma X^{sub} (\beta^{ref} - \beta^{sub}) + \Sigma \beta^{sub} (X^{ref} - X^{sub}) + \Sigma (\beta^{ref} - \beta^{sub}) (X^{ref} - X^{sub}). \quad (1)$$

The term, $\Sigma X^{sub} (\beta^{ref} - \beta^{sub})$ refers to the part of the differential between the SES scores between two ethnic groups due to the differences between the regression coefficients, and is called rates component. The term $\Sigma \beta^{sub} (X^{ref} - X^{sub})$ refers to that part of the differential between the SES scores of two different ethnic groups due to the differences between the means of the independent variables of the two ethnic groups, and is called composition

component. The last part of the equation (1), $\Sigma (\beta^{ref} - \beta^{sub}) (X^{ref}-X^{sub})$ refers to the part of the difference between the two average SES scores of the two ethnic groups, which cannot be distributed between the rates component and the composition component, and is called interaction component. The first component of the equation (1), intercept component, refers to the part of the differential between the mean SES scores that is not explained by the regression models.

For this particular analysis, Israeli-Born Native Jews have been designated as the reference group since they are expected to enjoy the opportunities offered by the labor market more than any other ethnic group including the immigrant Jewish groups and the Non-Jewish who mainly represent the Arab population of Israel. The differences between the mean SES scores for all other 4 ethnic groups and the Israeli-Born Jews have been decomposed using regression decomposition. Table 6 shows the values for the three different components of the mean SES score differences for males and females for the year 1990 and 2000 using the Israeli-Born Jews as the reference category for both sexes.

In the last part of the analysis, only three immigrant groups have been examined using European American Jews as reference category. Three more variables have been added to the regression models including the years in Israel,

and two dummy variables for if the immigrant person migrated during the first wave of Aliyah (Jewish immigration), which refers to the years before 1952, and for if the immigrant person migrated during the last wave of Aliyah which refers to the years between 1980 and 1990 for the year 1990 analyses and to the years between 1990 and 2000 for the year 2000. The OLS regression results for the immigrant groups are presented in the Table 5.1 for the male immigrants and table 5.2 for the female immigrants.

And finally, the differences between the mean SES scores for the year 1990 and 2000 for each ethnic group are decomposed taking the 2000 as the reference category in order to see the net advantage of the year 2000 over the year 1990 and what should be the expected mean for each ethnic group for the year 2000 holding the basic human capital composition constant.

Table 6a. Regression Decomposition of the difference between mean SES scores
(All the 4 ethnic groups vs. The Israel-Born Jews) male labor force

	1990	diff. from ref. gr.	2000	diff. From ref gr.
Mean SES for Isreal-Born Jews	43.39	-	44.58	-
Mean SES for Non-Jewish	29.10	14.29	29.83	14.75
Mean SES for Euro-American Jews	49.30	-5.91	52.21	-7.63
Mean SES for Asian-African Jews	36.92	6.47	36.40	8.18
Mean SES for Russian Jews	42.94	0.45	36.85	7.73

Table 6b. Regression Decomposition of the difference between mean SES scores
(All the 4 ethnic groups vs. The Israel-Born Jews) female labor force

	1990	diff. from ref. gr.	2000	diff. From ref gr.
Mean SES for Isreal-Born Jews	43.41	-	43.32	-
Mean SES for Non-Jewish	37.43	5.98	30.94	12.38
Mean SES for Euro-American Jews	45.07	-1.66	47.88	-4.56
Mean SES for Asian-African Jews	31.61	11.80	31.31	12.02
Mean SES for Russian Jews	39.83	3.58	34.13	9.19

Decomposition based on the OLS parameter estimates and the means of the independent variables 1990 Male Labor Force

	Rates	Composition	Interaction	Net Advantage
Israel-Born vs. Non-Jewsih:				
Age	-1.916089	-0.614398	0.087464	
MS	-0.093189	-0.070864	0.003743	
YofSch	4.548028	7.830574	1.852924	
College	-1.169580	1.384919	-1.111511	
University	-0.436276	2.586182	-0.721530	
Total	0.932894	11.116410	0.111090	
Intercept	2.133440			*3.066*
Israel-Born vs. European/American Jews:				
Age	6.229052	-1.856745	-1.432046	
MS	-2.032647	-0.331731	0.177893	
YofSch	-0.932286	-1.728267	0.044667	
College	0.150821	0.026205	0.010582	
University	0.438937	-1.733409	-0.170699	
Total	3.853876	-5.623947	-1.369598	
Intercept	-2.761240			*1.093*
Israel-Born vs. Asian/African Jews:				
Age	9.778596	-0.696538	-1.816016	
MS	-1.008690	-0.281695	0.101749	
YofSch	2.242435	4.616905	0.395198	
College	-0.128447	0.309724	-0.085496	
University	-0.039245	1.623709	-0.043899	
Total	10.844650	5.572105	-1.448464	
Intercept	-8.499160			*2.345*
Israel-Born vs. Russian Jews:				
Age	3.357393	-1.289402	-0.460106	
MS	-2.484131	-0.453415	0.263274	
YofSch	-4.623319	-0.130509	0.015800	
College	0.670815	-0.080610	-0.247548	
University	0.239282	-1.260394	-0.073792	
Total	-2.839959	-3.214331	-0.502372	
Intercept	7.009450			*4.169*

Decomposition based on the OLS parameter estimates and the means of the independent variables 2000 Male Labor Force

	Rates	Composition	Interaction	Net-Advantage
Israel-Born vs. Non-Jewsih:				
Age	-6.230114	0.377658	-0.252201	
MS	1.781016	0.010019	-0.153128	
YofSch	9.460328	3.840267	1.889396	
College	0.135001	0.219769	0.064243	
University	0.078866	1.692029	0.047658	
Total	5.225096	6.139742	1.595967	
Intercept	1.783090			*7.008*
Israel-Born vs. European/American Jews:				
Age	-4.497227	-1.541554	0.821196	
MS	-5.017014	-0.638101	0.477917	
YofSch	3.243667	-3.547009	-0.328254	
College	0.247159	-0.138865	-0.042129	
University	0.536215	-3.181093	-0.227702	
Total	-5.487200	-9.046623	0.701028	
Intercept	6.205070			*0.718*
Israel-Born vs. Asian/African Jews:				
Age	-0.929225	-0.990811	0.185659	
MS	0.161531	-0.209211	-0.021250	
YofSch	10.224158	3.244001	1.725203	
College	-0.288106	0.213190	-0.060442	
University	-0.682094	2.988887	-0.681167	
Total	8.486264	5.246056	1.148003	
Intercept	-6.702130			*1.784*
Israel-Born vs. Russian Jews:				
Age	16.334085	1.102480	-1.406251	
MS	0.381477	-0.110974	-0.032974	
YofSch	2.964969	-1.131714	-0.102653	
College	1.810182	0.152417	-0.669906	
University	2.695528	-1.897706	-1.050173	
Total	24.186240	-1.885498	-3.261957	
Intercept	-11.30862			*12.88*

Decomposition based on the OLS parameter estimates and the means of the independent variables 1990 Female Labor Force

		Rates	Composition	Interaction	Net Advantage
Israel-Born vs. Non-Jewsih:					
Age		-2.762271	0.438242	-0.176242	
MS		-1.619886	1.524552	-1.020384	
YofSch		-1.976025	6.826612	-0.309245	
College		-2.459094	-0.435469	0.231126	
University		-0.313687	1.216408	-0.301543	
Total		-9.130963	9.570346	-1.576287	
Intercept	7.11339				*2.018*
Israel-Born vs. European/American Jews:					
Age		0.706447	-0.731565	-0.114640	
MS		-1.454787	-0.006389	0.003365	
YofSch		10.389467	-1.305099	-0.343953	
College		0.318322	0.241582	0.056835	
University		-1.188158	-1.286234	0.386457	
Total		8.771290	-3.087705	-0.011935	
Intercept	-7.33439				*1.437*
Israel-Born vs. Asian/African Jews:					
Age		4.879612	-0.039362	-0.733666	
MS		1.171028	-0.002049	-0.015844	
YofSch		9.072440	6.659210	1.984321	
College		-0.495146	1.276582	-0.398367	
University		-0.297341	1.734914	-0.535080	
Total		14.330590	9.629296	0.301364	
Intercept	-12.46662				*1.864*
Israel-Born vs. Russian Jews:					
Age		8.691683	0.452022	-1.056459	
MS		-3.702918	-0.482775	0.347620	
YofSch		-3.540675	1.541259	-0.108555	
College		1.289507	-0.11737	-0.158320	
University		0.361124	-0.306991	-0.059231	
Total		3.098721	1.086146	-1.034946	
Intercept	0.42609				*3.525*

Decomposition based on the OLS parameter estimates and the means of the independent variables 2000 Female Labor Force

	Rates	Composition	Interaction	Net Advantage
Israel-Born vs. Non-Jewsih:				
Age	9.352285	-0.407837	0.445070	
MS	0.533886	0.156701	0.109489	
YofSch	0.507423	2.753034	0.040858	
College	0.312807	-0.095743	-0.046475	
University	1.464558	0.157281	0.10905	
Total	12.17096	2.563437	0.657996	
Intercept -3.00324				*9.168*
Israel-Born vs. European/American Jews:				
Age	-0.662356	-0.255979	0.103750	
MS	-0.976840	0.032884	-0.012743	
YofSch	-1.291056	-3.198347	0.098591	
College	0.585438	-0.013496	-0.029038	
University	1.983894	-1.467336	-0.719476	
Total	-0.360919	-4.902274	-0.558915	
Intercept 1.27141				*0.910*
Israel-Born vs. Asian/African Jews:				
Age	-5.392778	-1.172116	0.988222	
MS	-1.442527	-0.030493	0.014553	
YofSch	4.105573	5.131819	0.766488	
College	-0.553803	0.231832	-0.103500	
University	-0.097852	2.431578	-0.143913	
Total	-3.381386	6.592620	1.521850	
Intercept 7.283710				*3.902*
Israel-Born vs. Russian Jews:				
Age	12.435493	0.919140	-0.990038	
MS	-0.538273	0.061401	-0.016067	
YofSch	-4.454831	-1.107347	0.114885	
College	1.514011	0.100629	-0.486433	
University	3.102008	-0.916692	-1.050099	
Total	12.058410	-0.942870	-2.427752	
Intercept 0.505050				***12.56***

CHAPTER 5.

Discussion of the Findings

Regression Decompositions for Males

OLS results for the year 1990 show that almost all the variables used in the simple human capital models are statistically significant except the college variable for the Russian Jews (refer to Table 5.1). I added three more variables regarding the year of immigration to the basic models for the three immigrant groups, European/American, Asian/Africans and Russian Jews. In 1990, none of these variables are significant for any of the immigrant groups except the years in Israel variable for the Russian Jews. The coefficient for this variable is positive and statistically significant for the Russian Jews indicating that as years in Israel increase, the SES score for this immigrant group increases as well. The 'first wave' variable for the Asian/African Jews misses being significant at the 5 percent level with a p-value of 5.1 percent.

The OLS results for the baseline human capital model for the year 2000 is similar to that of the year 2000 except the variable for the marital status is not significant for three groups including Non-Jewish, Asian/African Jews and Russian Jews. Also, the variable for the college education is still not significant for the Russian Jews. The OLS results for the immigrant groups demonstrate

that some of the immigration variables turn to be significant. In 2000, the variable for the years spent in Israel is significant for all of the three immigrant groups and the coefficients are

positive indicating that years spent in Israel is positively associated with the SES score. The variable 'first-wave' referring to if the immigrant immigrated before the year 1952 (just before and after the foundation of the Israeli state) is not significant for any of the immigrant groups. On the other hand, the variable 'last-wave', which refers to if the immigrant immigrated to Israel within the 10-year period before the survey date is significant for the Asian/African and Russian Jews. The coefficient of the 'last-wave' for the Asian/African Jews is –5.89, and –6.25 for the Russian Jews. Both are significant at 1 percent level indicating that being immigrated during the last immigration period decreases the SES score by about 5.89 for the Asian/African Jews and about 6.25 for the Russian Jews. The last-wave variable is not significant for the European/American Jews.

The first parts of the Table 6 demonstrate the absolute differences between the SES score for the Native Jews and those of the other racial and ethnic groups for male and female. For male, the absolute difference between the SES scores is substantial between the Native-Born Jews and the Non-Jews, more than 14 points out of a 100 points scale. Asian/African Jews are the second

disadvantaged group compared to the Israel-Born Jews. In 1990, the absolute difference between SES scores of the Russian Jews and Native Jews is almost nil, less than 1 point. In 2000, the absolute difference between the SES scores of these two ethnic groups is more than 7 points. The only ethnic group having a higher SES score than that of the Native Israeli Jews, is the European/American Jews.

The decomposition techniques reveal the SES differentials after controlling for the basic human capital variables. The decomposition results in the Table 6 shows the rates, composition and interaction components of the differentials as well as the contribution of each variable to those components. The results for the year 1990 indicates that after controlling for the 5 variable, the SES difference between the Israeli-Born Jews and the Non-Jews is reduced to approximately 3 points which is named as the net advantage in the tables. This is the part of the difference that is not explained by the variables used in the models. The net advantage of being an Israeli-Born over a Non-Jewish Israeli increased to 7 points for the year 2000. This means that almost half of the differential between the SES scores of the Native Jews and Non-Jews for the year 2000 is not explained by the human capital variables used in the regression models. The tables demonstrate that major disadvantage of the Non-Jewish group is their relatively low level of education. In 1990 and 2000, the years of

schooling variable has the highest contribution to the rates component and the composition component compared to the other predictors in the models. This indicates that average years of schooling for the Non-Jewish is lower than the average years of schooling for the Native Jews. Moreover, the high contribution of this variable to the rates component tells that the rates of return for the years of schooling is much higher for the Native-Born Jews than it is for the Non-Jewish group.

The decomposition results for the European/American Jews versus the Native-Born Jews is interesting in such a way that although the European/American immigrant Jews have the highest SES scores for both the year 1990 and 2000, they are slightly disadvantaged compared to the Israeli-Jews after controlling for the human capital variables in both years. However, the disadvantage is very minor, barely more than 1 point in 1990 and less than 1 point in 2000. In 2000, the terms for the contribution of the education variables to the composition component are all negative. This indicates that European/Americans have on average more formal education than the Native Jews. However, the contributions of the education variables to the rates component are all positive. This demonstrates that the rate of return to formal education is higher for the Native Jews than that of the European/American immigrants. Table 5.1a shows that in 2000, coefficients of the education

variables for the Native-Jews are higher than the coefficients of the education variables for the European/American Jews.

The absolute disadvantage of the Asian/African Jews is reduced after controlling for the human capital variables. Decomposition tables demonstrate that the net disadvantage of this group versus the Native Jews in terms of SES is 2.3 points in 1990 and 1.8 in 2000. In 1990 'Age' has the largest positive contribution to the rates component. This drives from the fact that in 1990, age has a larger rate of return for the Native Jews than it has for the Asian/African Jews. In the same year, years of schooling has the largest positive contribution to the composition component, which means that the mean for the years of schooling for the Israeli-Jews is larger than the mean of years of schooling for Asian/African Jews. In 2000, the years of schooling variable has the largest contribution to the rates component and composition component compared to the other variables in the models. Its contribution to the rates component is 10.22, which is associated with the differential in the rates of return to the years of schooling for the two ethnic groups. Table 5.1a shows that in 2000, the coefficient for the years of schooling variable is 1.69 for the Asian/African Jews while it is 2.59 for the Russian Jews. The mean for years of schooling is 11.39 for the Asian/Africans and 13.31 for the Native Jews and the difference between them contribute to the composition component.

In 1990, the SES score difference between the Russian Jews and the Israeli-Born native Jews is less than 1 point (refer to Table 6). In 2000, the absolute difference between these two groups increased to 7.73 points. The decomposition results demonstrate that the net advantage of the Native Jews over the Russian Jews controlling for the human capital is higher than the absolute advantage. In 1990, the net advantage of the Native Jews versus the Russian Jews in terms of SES is 4.17 (refer to the decomposition table). In 2000, the net advantage increased to 12.88. Although Russian Jews have more formal years of schooling and a higher percentage of university graduates, the rate of return to education for them is less than the rate of return to education for the Native Jews.

Regression Decompositions for Females

The first part of the Table 6 shows the absolute SES score differences between the Israeli-Born Jews and the other racial and ethnic groups. Comparing the differences for the 1990 with those of the year 2000 reveals that Non-Jewish female and Russian female experienced the largest increases in the gap between the SES score of Israeli-Born Jews and that of themselves among the all the ethnic groups. In 1990, Israeli-Born Jewish female have 5.98 points higher SES

score than their Non-Jewish counterparts. The difference between the Israeli-Born Jewish female and Russian female increased around 6 points from 1990 to 2000.

In 2000, the difference between these two female groups went up to 12.38. European/American Jewish female scored a better SES than Israeli-Born Jewish female both in the year 1990 and 2000 as their male counterparts scored better SESs than Israeli-Born male in 1990 and 2000. The absolute difference between Ntive-Born Jewish female and Asian/African immigrant female stayed almost the same from 1990 to 2000.

The decomposition results demonstrate the net advantage of being a Native-Born Jewish female over the other racial and ethnic groups after controlling for the basic human capital variables. Some results for the females follow the same patterns of the decomposition results for the males, while some of them diverge from them. Israeli-Born Jewish female is treated as the reference category with the same logic that Israeli-Born Jewish male is treated as the reference category. It is expected that they are the most advantages female group among the all of the ethnic groups. Although in absolute terms, their SES score is lower than that of European/American Jews, their net advantage is expected to be higher.

Decomposition results for Non-Jewish female versus Israeli-Born female

for the year 1990 is interesting such as way that the negative net advantage for Israeli-Born Jewish females indicates that the SES score for Non-Jewish females is higher than it would be expected considering their human capital compared to that of Israeli-Born Jewish females. This is contrary to what would be expected considering the disadvantaged position of Non-Jewish minority. However, the net advantage of Non-Jewish female compared to their Israeli-Born Jewish counterparts is around 2 points based on a 100-point SES scale, and could be related to several things.

First of all, in 1990, there are only 468 Non-Jewish female whose number is much less than the other female groups. These Non-Jewish females might be much more selective compared to the other female groups considering the social and cultural traits of Non-Jewish population in Israel. Moreover, the analysis does not include any information regarding if those women are employed within the Non-Jewish geography in Israel (with Non-Jewish geography, I refer to the cities and towns where majority of the population is Non-Jewish, mainly Arabs). The literature presents enough evidence demonstrating that ethnic economy provides a shelter and relatively more opportunities for ethnic groups compared to the opportunities available for them in the dominant economy. In the year 2000,the net advantage of being an Israeli-Born Jewish female versus being a Non-Jewish female is approximately 9 points

in SES score terms. This finding is much more consistent with the expectations. If we look at the contribution of human capital variable to the composition component in the decomposition tables, it is clear that in terms of the education variables, Israeli-Born Jewish female have more formal education than Non-Jewish females. The positive rates components for the education variables also indicate that rate of return to education is higher for Israeli-Born females than it is for Non-Jewish females.

Similar to the decomposition results for males, the decomposition results for female demonstrate that European/American females have more formal education than Native-Born Jewish female in 1990 and 2000. However, in 1990, years of schooling variable has the largest positive contribution to the rates component indicating that the rate of return to years of schooling is considerably higher for the Native-Born Jewish female compared to European/American immigrant females. In 1990, parallel to 1990, the rates of return of college and university education are higher for Native-Born female than they are for European/American immigrant females. The advantage of Israeli-Born Jewish female versus European/American Jewish female is 1.44 in 1990, and it is even less than 1 point in 2000.

Asian/African Jews are the most disadvantaged female group together with Non-Jewish female in terms of education. Positive composition

components for both 1990 and 2000 indicate that Asian/African females have less formal education as well as the share of Asian/African college and university graduates is less compared to Israeli-Born Females. Interestingly, although the values are very small, decomposition results point out that the rates of return of college and university education are slightly higher for Asian/African female than they are for Native-Born Jewish female in both 1990 and 2000. The net advantage of Israeli-Born female over Asian/African female increased slightly from 1.86 to 3.9 form 1990 to 2000.

Russian female Jewish experienced the largest deterioration in their socio-economic status from 1990 to 2000 relative to Israeli-Born females. The net advantage of Israeli-Born female versus their Russian counterparts increased from 3.53 to 12.56 between the two years. In both years, age has the largest contribution to the rates component relative to the other variables. This drives from the fact that the rate of return to age to SES score is larger for Native females than it is for Russian immigrants. Table 5.2 shows the OLS estimates of parameters for different female groups. The age coefficient for Russian female is negative in 1990 and 2000 while they are positive for Native-Born females. This indicates that age is inversely associated with the socioeconomic status of Russian Jews, while it is positively correlated with the socio-economic status of Native Jews. Table 4.2 demonstrates the means of variables used in the OLS

regression models and decompositions. The educational attainment of Russian female Jews is superior than that of Native-Born females in terms of the average years of schooling and the percentage of college and university graduates. The rates components indicate that the rate of return to the years of schooling is higher for Russian immigrant female as compared to Israeli-Born female in 1990 and 2000. However, the rate of return to college and university degree for Israeli-Born female is greater relative to their Russian counterparts in both 1990 and 2000.

Regression Decompositions for the Immigrants

Regression decomposition is replicated only for immigrant groups in order to take the year of immigration into consideration. Three immigration variables are added to the OLS regression models: "years in Israel", "first wave: immigrated before 1952" and "last wave: immigrated within 10 years before the year of survey". Table 5 shows the OLS estimates of parameters. Most of the immigration variables are not statistically significant for both male and female. Some of the immigration variables which are not statistically significant for 1990 turn to be significant for 2000.

For regression decompositions, European/American immigrants are

treated as the reference category. Regression decompositions indicate that even after controlling for the year of immigration, there is still a net advantage of European/American immigrants versus Asian/African immigrants and Russian immigrants both for male and female. For males, in 1990, the net advantage of European/American immigrants versus Asian/African immigrants and Russian immigrants is around 2 points based on a 100-point scale, which is minor. In 2000, the net advantage of European/American immigrants versus Asian/African immigrants increased to 3.14, while the net advantage of the reference group versus Russian immigrants increased to 7.76. For females, in 1990, the net advantage of the reference group versus Asian/African immigrants is slightly less than 3 points. And the net advantage of the reference group versus Russian immigrants is less than 1 point, which is almost nil based on a 100-point scale. In 2000, the net advantage of European/American females versus Asian/African females jumped to 7.42, and it increased to 6,54 versus Russian immigrants.

Regression Decompositions for 2000 versus 1990

In the last part, regression decomposition is used to look at the net advantage of the year 2000 versus the year 1990 for each ethnic group. In this

section, the SES score of each ethnic group for the year 2000 is compared with the SES score of the same ethnic groups for the year 1990. In other words, the year 2000 is treated as the reference year versus the year 1990. The basic human capital models are kept for the OLS regressions and decompositions. Interestingly, the net advantage of the year 2000 versus the year 1990 is negative for all 5 racial and ethnic groups for both males and females. This means that the socio-economic performances of all of the 5 groups in 2000 are worse than their performances in 1990. This drives mainly from the fact that the rate of return to years of schooling is less in 2000 than it is in 1990 across all the ethnic groups and sexes.

Russian immigrants experienced the largest net disadvantage from 1990 to 2000 among the male groups. There is an approximately 10 points net difference between their SES score for the year 1990 and 2000. In other words, considering their SES score for the year 1990, they would be expected to score 10 points higher in 2000 given their human capital credentials in 2000. The net disadvantage of the year of 2000 versus 1990 is 4.25, 3.04 and 2.42 and 1.6 for Non-Jewish, Asian/African immigrants, European/American immigrants and Native Jews respectively. On the other hand, it is the Non-Jewish females who experienced the largest net disadvantage from 1990 to 2000 among the female groups. According to the decomposition results, Non-Jewish females would be

expected to score more than 10 points higher in their SES score in the year 2000 controlling for their human capital credentials for the year 1990 and 2000. The results for Russian Jews are close to those of Non-Jewish. The net disadvantage of Russian female in 2000 relative to their performance in 1990 is around 10 points. The net disadvantage is 3.17, 1.49 and 2.14 for Asian/African, European/American and Israeli-Born female groups respectively.

CHAPTER 6.

Conclusion and Discussion

The present study has made a very general division among the different racial and ethnic groups in Israel in addition to the exclusion of non-citizens and non-residents. Secondly, the Jewish immigrants coming from different and almost all regions of the world have been divided into three groups: European/American, Asian/African and Russian although there are substantial ethnic and cultural differences among each of these three groups. For example, Jewish population that immigrated from the different Middle Eastern countries treated in the same group with the immigrants from Ethiopia as Asian/African Jews. Therefore, further analysis of the different ethnic minorities within each general subgroup requires further research.

The purpose of this thesis has been to examine the socio-economic differentials among different ethnic and racial groups in the Israeli labor market together with the occupational and sectoral segregation of the different ethnic groups. The absolute differences among the socio-economic status scores for different racial and ethnic groups are reduced when we control for the human capital inputs. The unexplained differences (net advantages) between the Israeli-Born Jewish individuals and the other four subgroups after controlled by the

human capital inputs remain higher especially for Non-Jewish and Russian immigrants compared to European/American and Asian/African immigrant groups. The major disadvantage of Non-Jewish labor is their lack of education compared to the other groups. In 1990, only 8 percent of Non-Jewish male and 12 percent of Non-Jewish female had university education, while 35 percent of European/American male 34 percent of European/American female. In 2000, 17 percent of Non-Jewish male as opposed to 47 percent of European/American male had university degree. In the same year, 29 percent of Non-Jewish female as opposed to 49 percent of European/American female had university degree.

Social and geographical segregation of Non-Jewish population in Israel contributes both to the lower levels of education and lower labor market performances since it inhibits the educational and occupational opportunities available to the Non-Jewish minority. The social and geographical segregation is not the case only for the Non-Jewish minority, but also the case for the different Jewish ethnic groups. One of them is the Jewish immigrant communities from Asian and African countries. Moreover, the settlement of immigrant groups is systematically controlled by the state immigration policies. All these factors contribute to the perpetuation of the geographical segregation and socio-economic inequality in Israel, which has been only partly captured in this study since the study has considered only occupational attainment.

In the case of Russian immigrants, their increased disadvantage is mainly associated with the substantially increased immigration from Russia and Former Soviet Union countries. The increased immigration from the Former Soviet Union after the late 1980s decreased the chances of getting a job that is compatible with their human capital credentials for the Russian immigrants. Raijman and Semyonov (1998) compare the labor market performances of the Russian immigrants of 1970s (which was a relatively small wave) with that of the late 1980s and 1990s (which were considerably larger compared to the previous one) and suggest that the chances for finding high status jobs in the new labor market are substantially lower for the second and larger immigrant wave. They therefore suggest that occupational downward mobility is more pronounced for the later immigrant waves.

The findings of the previous research indicate that there is a drastic growth of unskilled workers from the year 1990 to 2000. Almost all of the ethnic groups experienced an increase in their share for the unskilled jobs. The increase is considerable for the Non-Jewish minority and Russian immigrants. The percentage of the Russian immigrants working in unskilled jobs increased dramatically from 1990 to 2000 as well as their relative share within the unskilled occupational category. The same is also true for the Non-Jewish. It is

very likely that the absence of Palestinian Labor from the Occupied Territories which gets more and more pronounced after the 1987 Intifada until the present time has left vacancies in the unskilled jobs that need to be filled by the next most disadvantaged groups in the labor market after the Palestinian Labor force, namely Non-Jewish and the most recent immigrants from the Former Soviet Union.

The guest workers from different countries around the world including Thais, Chinese, Africans, East-Europeans, Latinos etc. and their relative position in the Israeli labor market is also another issue that requires further research. In the case of illegal guest workers, the issue gets more complicated with the fact that those labor force is the most vulnerable labor group even more vulnerable than the legal guest workers and Non-Jewish Israeli citizens since they do not have any voice and/or bargaining power against exploitation, inhuman working conditions, confinement, violence and forced deportation (see for example Vagner, 2002).

The present study also partially focused upon sectoral and occupational segregation. It is clear that some groups are overrepresented in certain occupations and economic sectors while the others are underrepresented. It is one of the findings of this study that rates of return to education are different for different ethnic groups contributing to the SES differentials. Neuman et.al

(1996) focusing on wage differentials instead of SES differentials, show that a large proportion of the differential among the rate of return to education for different ethnic groups can be explained by occupational segregation. This drives from the fact that Western origin Jews tend to be concentrated into the primary sector while Eastern origin Jews and Non-Jewish tend to be concentrated into the occupations in the secondary sector.

Furthermore, as I also mentioned before, the study of socio-economic status only partially captures the socio-economic inequality and should be complemented with the study of wage/income inequality to fully grasp the socio-economic inequality and wage discrimination that some of the ethnic groups suffer. I suggest that the SES inequality, wage inequality and spatial segregation should be studied together to understand the Israeli labor market circumstances. Spatial segregation of certain groups especially the Israeli Arabs restricts their access to occupational opportunities that are open to the other Jewish groups. Spatial segregation leaves the disadvantageous groups with limited industrial and occupational opportunities, which in turn paralyze their socio-economic status and wages (see for example Lewin-Epstein and Semyonov, 1992 and Neuman and Silber, 1996)

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